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THE ASTOR LENOX
TILDEN FOUNDATION

ASTOR, LENOX AND
TILDEN FOUNDATIONS



"MUL."

MARK HANNA'S

"MORAL CRANKS"

AND—OTHERS.

A STUDY OF TO-DAY

"Some day after the Trusts have, with great labor and difficulty, taken their cart up to the top of a long hill, we will relieve them of their labors; we will say, 'This is our cart,' and take it."—President GARZA, of the Iowa State College.

"Is there any use in rich men? Is it of advantage to the community that there should be men in it who, having discharged their duty to their families and to their copartners, have still a surplus which they can employ in business enterprises or in so-called benevolences for the public welfare? This is one of the critical questions of our times. However impatient men of wealth may be that this question should be asked, however indignant they may be with the questioners, it is well for them to know that democracy is asking this question, and is seriously determined to get an answer to it."—LYMAN ABBOTT, D. D., in "Christianity and Social Problems."

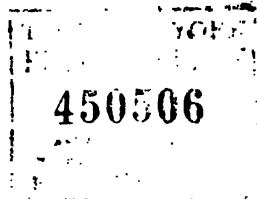
By "MUL."



BROOKLYN (N. Y.):
GEORGE F. SPINNEY COMPANY, Publishers,

1900.

H. S.



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PREFACE.

Much has been said in our universities, colleges and pulpits during the last few years in sharp criticism of great and suddenly acquired wealth. The magnitude of fortunes quickly won in corporate enterprises, the tremendous and ever-growing power of corporations, the steady creation of multi-millionaires, the crowding aside of persons in small business enterprises and the apprehensions that at no distant day the hand worker and the brain worker as well, will lose their individuality and become the mere pawns of our money-kings—these and kindred topics of general discussion have unquestionably given to Socialistic ideas new interest.

And it is notable that the advocates of some of these ideas who command the respectful attention of the masses are men who disavow all comradeship with Karl Marx, Lasalle and the present leaders of Radical Socialism. A new force, Christian Socialism, has entered the field of practical politics in this country, not as an organized party, although here and there some of its representatives have demonstrated marked strength at the polls. But if not banded in a disciplined body they nevertheless have succeeded by agitation, argument and votes in forcing concessions from the politicians, and in securing from large numbers of conservative citizens approval of the Municipal Ownership idea. That particular concession has been aptly termed the stepping-stone to the National Ownership of railroads, telegraphs and other public utili-

ties; and the latter proposition is receiving wide-spread consideration.

Furthermore, it is proposed that even the great corporations shall some day be seized by government and managed in the interest of the whole people, the proposition being put by the President of a Northwestern state university in this fashion: "Some day, after the trusts have, with great labor and difficulty, taken their cart up to the top of a long hill, we will relieve them of their labors. We will say, 'this is our cart,' and take it."

The letters which go to the make-up of this book were written after the author's attendance upon three national conventions, in 1896, and subsequent visits of enquiry made to various states with a view to directing public attention to the progress of Christian Socialism, the aims and characteristic utterances of the chief spokesman of this new force in our politics, the result of Municipal Ownership experiments in Chicago, Detroit, Toledo, Boston, Philadelphia and other cities, the forceful sayings of college professors and clergymen concerning Corporate Wealth, and likewise some of the things said in defense of corporations. This presentation has been supplemented by an instructive exhibit showing how a few specimen trusts have justified some of the fierce denunciations directed against corporations of a prominent type, not only by the new Socialism but also by sound financiers, as well as by deceived and despoiled investors. The mass of facts presented in these letters and the declarations of the foremost controversialists in this national discussion of social and industrial evolution, will afford the reader a clear insight into existing conditions and thus enable him to draw a sounder conclusion than would be reached from a consideration of arguments advanced by political partisans in a heated presidential campaign.

In these pages you will make the acquaintance of various picturesque personalities, notably that of the "Golden Rule Mayor" of Toledo, Samuel M. Jones, who was characterized as a "Moral Crank" in an interview had by the writer with United States Senator Hanna and printed last year. As the declarations of others who hold views in common with Mayor Jones are quoted freely in this book it would seem that they might fairly, from one point of view, be referred to as "Mark Hanna's Moral Cranks"—men who believe what they say.

MUL.

Supreme Court of the State of New York.

BROOKLYN, N. Y.

May 22, 1900.

WILLIAM H. MULDOON, Esq.,

DEAR SIR:—I have read your articles on industrial and economic topics which have appeared from time to time in the Brooklyn Eagle with great interest. You have put before the people in a way which they can understand certain general facts in relation to organized capital, especially in the use and misuse of public franchises (or privileges, as I prefer to say), and the changes which are resulting therefrom in our social and industrial condition. It seems to me that they would receive wide attention if revised and put in the accessible form of a book. It is not many years ago that those who spoke of these subjects in moderation and thoughtfulness were denounced in immoderate terms. Those who were thriving on the advantage given to them over the rest of their fellow men by their control of the public franchises and utilities which they had obtained as gifts from government, used such words as "anarchist" and "socialist" to deride and belittle thoughtful and conservative persons who questioned whether it was a wholesome, social and economic condition which permitted the vast and growing aggrandizement of a very few out of the many by means of the use and misuse of such privileges and utilities during the present generation. Your writings, always moderate in tone and based on facts, have (whether you intended it or not) opened the eyes of some to see that possibly the

real "socialists" are those who are getting this advantage by the favor and acquiescence of government, and that the real "anarchists" are those who are using wealth thus acquired to corrupt our legislatures and official life for their own selfish interests, and to thwart government in its chief purpose of good to the many by means of distributive justice to all. If you put the material which you have in book form it seems to me that it will have a wide circulation.

Sincerely yours,

A handwritten signature in black ink, appearing to read "W. L. G. Taylor". The signature is fluid and cursive, with the first name "W. L. G." written in a more compact, stylized manner, and the last name "Taylor" written in a more extended, flowing script. The signature is positioned below the text "Sincerely yours,".

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"The air is full of new battle cries, of the sound of the gathering and marshaling of new forces and the reorganization of old ones. Socialism seems to many minds to have been born again, and to be entering on the positive and practical stage. It has ceased to be a theory; it has begun to be a kind of religion."—BENJAMIN KIDD, 1894.

It is with the forceful advent of this religion of Socialism in the field of American politics—with some of its chief spokesmen, their characteristics, utterances, doctrines and achievements—the part they are taking in a War on Corporate Wealth, that the following series of letters will deal, the letters in question presenting the results of recent visits of inquiry to Western cities by the writer.

On the 13th of June, 1894, the Rev. George D. Herron, then Professor of Applied Christianity in the Iowa State College, delivered a commencement oration at the University of Nebraska, in which he gave expression to novel Socialistic views that led to wide-spread discussion and comment throughout the country. He presented himself as a Christian Socialist, and subsequently, in 1895, by way of answer to his critics and for the purpose, as he said, of clarifying his message so as to leave no ground for mistaking his meaning, published six lectures under the title of "The Christian State—A Political Vision of Christ."

Professor Herron's views seem to be fairly embodied in the annexed extracts from his publications:

"Public ownership of the sources and means of production is the sole answer to the social question and the sole basis of spiritual liberty."

"Competition is not law, but anarchy."

"The average workman, though an independent wage earner and politically free, is less certain of food for his family than was the feudal slave of some kind of food."

"Labor is not a commodity any more than human souls are a commodity; labor is life."

"The wages system is economic slavery; it is a profane traffic in human flesh and blood."

"The only safety of capital itself is in the abolition of the so-called law of wages and the federation of money and work in the creation of property, as a communion with God in the perfection of man in the freedom of Christ."

"What we have been accustomed to call eco-

nomie laws is the lawlessness of society. There is no law but love."

"The notion that the union of religion and politics can only be evil is as morally insane as the notion that only evil can come from the union of God and man."

"Christ is to-day the actual leader of the yet unorganized, but rapidly developing political thought and effort of Western nations."

"The political appearing of Christ is manifest in the increasing social functions of the state and the socialization of law."

"Not only must the state become Christian, but Christianity must become political."

"It is through the state that Christianity will have to organize the people in the social order of the communion of the Holy Ghost."

"It is not the unity of religion and politics that brings degradation and tyranny, but the false unity of unspiritual religion and immoral politics."

Previous to Professor Herron's appearance upon the stage of public affairs the chief exponents of Socialism in this country were in the main German-Americans, and others of foreign birth. In the minds of the public socialism was associated with long-haired men and beer saloons, discontent and un-Christian thought, represented by atheist Herr Most, who said to churchmen in Berlin:

"The Social Democracy knows that the days of Christianity are numbered."

But the proposition to make a religion of socialism presented it in a more favorable form to many

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and it was promptly accepted by various Western ministers who made numerous converts in their congregations among men who either had political aspirations, or were disgusted with the immoralities of politics. Since 1895 they have had large accessions to their ranks. There was much in which Professor Herron had to say that met with the approval of William Jennings Bryan, then a churchman nourishing high political ambitions. The annexed extract from the official campaign book (page 9) issued after he was nominated for President shows him as one apt to be open to the Professor Herron argument in behalf of a combination of religion and politics, although Mr. Bryan has steadily maintained that Democracy alone, and not Republicanism or Socialism, will best serve the interests of all the people:

"He is a Presbyterian in religion. He is often in the pulpit as a lecturer. Politically he refuses no call to speak. He once addressed a concourse of preachers and then talked politics from a saloon bar on the same day. When the house held a Sunday session Bryan left his seat for an hour to lecture on the divinity of Christ at a Church on Capitol Hill."

In 1896, after attending the Democratic National convention at Chicago, the Populist National convention at St. Louis, the Sound Money National convention at Indianapolis; after carefully questioning many leaders of these national gatherings, and also many of their subordinate delegates from every state and territory in the Union, the writer of these lines reported to the *Brooklyn Eagle* that the movement which had culminated in the nomination of William Jennings Bryan for President was at heart strongly Socialistic and that the slogan of "Free Silver—16 to 1" did not embody the dominant sentiment of the majority of those who had ranged

themselves behind the standard of the young Nebraskan.

"War against Corporate Wealth!" would have more clearly expressed the sentiment dominating the Chicago and St. Louis conventions, a sentiment the limitations of which were thus defined by a distinguished Supreme Court Judge:

"It is wealth got by this means and by that, by trick and device, out of the public by means of public franchises, and of laws devised for the aggrandizement of the few at the expense of the many, which is under the ban of the splendid intelligence and moral sense of the people of this country."

Any impartial observer who was in attendance upon these conventions and familiarized himself with the views expressed by the delegates will recall the bitterness and heat with which corporations were denounced in convention, in the hotel corridors, on the sidewalks and wherever these delegates discussed political questions. The gospel of Socialism was preached in every quarter, and Bryan gave to the speech which secured his nomination a Christian Socialistic tinge when he closed with the sonorous declaration:

"You shall not press down this crown of thorns upon the brow of labor. You shall not crucify mankind upon a cross of gold."

Twenty thousand voices roared their approval of the sentiment, and after the Nebraskan was nominated a delegate brought a rough and hastily-made cross into the convention hall. The sacred emblem was hailed with cheers and shrill exclamations of gratification, and as it was carried about the arena followed by screeching, howling, half-frenzied dele-

6 MARK HANNA'S "MORAL CRANKS."

gates, thousands of excited spectators yelled until they were red in the face, others threw hats in the air and waved umbrellas wildly, others still hugged their neighbors as if in a delirium of joy. That sacred symbol before which untold millions have reverentially bowed the head in silence, and in the presence of which the fiercest passions have been stilled, was for the first time in the history of any American convention paraded as a political emblem. Yet in justice to Bryan it must be said he did not approve of the act. For he is a deeply reverent religionist.

The Associated Press thus described the demonstration which followed the nomination of Bryan at the St. Louis convention:

"When General Weaver concluded by naming 'that splendid young statesman, Willian J. Bryan,' the convention broke loose. Cheer followed cheer. The delegates jumped to their chairs, and flags, handkerchiefs, coats, hats and state guidons were waved in wild confusion. Through one of the side entrances four men carried a big yellow cross, four by eight feet in size, surmounted by a crown of thorns. On it was inscribed the words with which Bryan closed his speech at Chicago."

It was because of a keen appreciation of the fact that the Free Silver convention at Chicago and the Populist convention at St. Louis represented a sentiment bent upon a War against Wealth that a prominent official of one of the wealthiest corporations in New York, one of the controlling spirits of

the Sound Money convention held in Indianapolis, said after that body had adjourned, in response to my inquiry as to the probable outcome of the presidential contest:

"We have got to defeat Bryan. We have got to elect McKinley. We shall surely defeat Bryan, for that will give to us a chance to turn around and prepare for what may be a more serious conflict in 1900."

The thoughtful observer cannot be oblivious to the preparations which have been made and are making for a renewal of the indecisive conflict of 1896. On the one side, Wealth is silently but steadily combining, apparently unmoved by the angry and menacing cries which rise from every section of the country. The magnitude of this unification of mighty forces is thus outlined by Bryan:

"The Trusts have been growing in the last two years with a rapidity never known before. Ninety of them are capitalized at \$3,500,000,000. The entire amount of metallic money in the world is \$8,000,000,000. Nearly one-half of that \$8,000,000,000 is represented by these ninety Trusts."

The venerable Abram S. Hewitt, who declares that he regards legislative interference with capital and labor as pernicious, writing of the combinations of Wealth to the United States Industrial Commission, in part confirms the statement made by Bryan:

"Corporations have continued to grow and at the present moment they threaten to absorb the entire industrial business of the country which is capable of being administered by centralized management. This is precisely the direction which I anticipated

and seems to me to be in accordance with the evolution which has taken place within the last half century, and which may be in accordance with a natural law, if there be natural laws involved in the progress of modern civilization."

The enemies of Corporate Wealth are also girding themselves for the coming battle, encouraged by a large number of citizens who, despite their disavowals of sympathy with the principles of Socialism, are, nevertheless, unconsciously reinforcing its advocates by joining in the hue and cry raised against the aggregations of capital. Bishops, clergymen and college professors have become mouthpieces of the Socialistic propaganda, and hitherto-conservative Republicans and Democrats are to be counted among the new recruits to the army reorganizing for an assault on Corporate Wealth. They are growing in influence. In our own State of New York Bishop Potter has sounded a friendly note of warning to Wealth. In Chicago Bishop Samuel Fallows of the Reformed Episcopal Church was heard, in 1899, giving utterance to these ominous views, which are entirely in accord with the beliefs of Christian Socialists:

"The present age seems to be unprecedented both in the desire to become rich and in the facilities for gratifying it. Employes who were working for \$600 a year twenty years ago have an income of \$20,000,000 a year. Uneducated laborers sent out by sympathizing friends in the East to prospect in mining have become fabulously wealthy and married their daughters to European princes. A Tam-

many boss in New York, once scarcely able to make both ends meet, but now a millionaire, jauntily tells a commission of inquiry that it is none of their business by what political manipulation he has made his colossal fortune. Chicago citizens who went into municipal offices too poor to pay their grocer's bills now own stone front houses and have large bank accounts. The old-fashioned way of working steadily and honestly to gain a comfortable competence is too often looked upon as something out of date. Young men on salaries in trusted positions are tempted to speculate and dabble in stocks with their employer's money. Bankers and financiers to whom they look up as models are defrauders and defaulters. Trusts are created aggregating nearly a score of billions of professed capital in less than a single year, some of them of the most reprehensible character, having no other end than to despoil the people. The moral effect of this all-consuming passion to become immediately and inordinately rich is beyond expression. It is eating like a canker into the very vitals of society. Our reformatories and penitentiaries are crowded with inmates in consequence of it."

The foregoing remarks of Bishop Fallows are fairly representative of sentiments frequently expressed in pulpits throughout the West and in some of our Eastern churches. Occasionally these criticisms of Wealth are coupled with a grave menace. For instance, the Rev. H. W. Thomas said in the course of a sermon delivered in the People's Church, McVicker's Theatre, Chicago, by way of indorsing Professor Herron:

"Fifty years ago there were few millionaires in our country; now there are 4,000. Then all industries were open to competition; now they are nearly all in the hands of trusts. Then there were no great labor organizations; now they include nearly every line of industry. Then there was work for all; now the smaller forms of business are being crushed out by the larger, and it is even feared by many that the middle classes in our country will disappear, and that there will be only the rich and the poor. Our country stands at the parting of the ways. Our civilization is hurrying on to dangers greater perhaps than we think. Professor Herron is not alone in seeing the wrongs and perils of these strange years.

"This pulpit has said that large things have to be done on a large scale. That there is nothing necessarily wrong in a partnership, a company, a corporation, and nothing wrong when corporations form a trust. Business can be done cheaper on a large scale, and there is nothing wrong in calling machinery to lighten the labor of man. The wrong is in the attempted monopoly that would shut off the people from the natural sources of wealth and from a just share in the increased products of labor under these conditions. This pulpit has said that these ugly looking trusts are object lessons of the higher associate possibilities of our new age, and has preached hope and not despair; has believed that the American people will find a peaceable solution of the present troubles, and that we should talk and work and pray for peace, appeal to the high and noble sense of right and conscience, of love and brotherhood, and not to the sword.

"But if not in this way, justice must come in severer forms. It is Evolution or Revolution."

We shall hear more of this cry—Evolution or Revolution!

Sagacious observers in each of the great political parties foresee the issue which promises to be a dominant one in the coming presidential campaigns. It was but a few months ago that so staunch a Republican as United States Senator Beveridge, of Indiana, declared that his party would forestall the free silver Democrats by incorporating in the next national platform a demand for federal legislation against certain combinations of Wealth. Even our self-possessed President seems to recognize in the signs of the times some indications of an approaching storm, for under his spur the United States Industrial Commission began an inquiry in last November with a view to ascertaining "what effect the trusts have on the greater units of capital, and, finally, upon the employe."

Governor Roosevelt has been West, and he, too, was evidently impressed by the strength of the growing sentiment of hostility to Capital, and notwithstanding his condemnation of what he termed "Socialistic hostility to Wealth gone mad," deemed it necessary to make a concession to the spirit of the hour by declaring to the students of Ann Arbor University:

"In New York great corporations in trying to secure franchises have gradually trained themselves to look upon the public as their prey. In my opinion they are pursuing a most short-sighted policy and adding to the forces of discontent."

United States Senator Depew, in a speech delivered in Brooklyn before the Montauk Club in 1899, also referred at length to the growing hostility to Wealth, and while he expressed his contempt for "anti-corporation demagogues," said:

"This tendency of the times cannot be met by shouting. The crying need of the hour is for some method by which light shall be let into every one of these corporations or chartered concerns and the public advised of their conditions, their operations, their management and their right to live."

"Municipal and National Ownership of all Public Utilities" is a new cry which has been raised against Capital, and we have had Colonel Bryan's assurance that it is a cry which will be heard in this presidential campaign, for he was quoted as saying to a reporter of a morning newspaper:

"This question of Municipal Ownership is now being so generally agitated in the cities throughout the country that it rises to the dignity of a national issue. Of course, most of the gold men are opposed to such principles. They are mostly capitalists and are opposed to the common people, but time and agitation will eventually bring about the supremacy of the masses."

It may be said that the Free Silver leader is simply repeating the ineffective appeal which he made to the masses in 1896, with the addition of the new cry for Municipal and National Ownership; that his failure to secure popular approval of his assault on Wealth precludes the possibility of success in any second attack in 1900. Those who com-

placently entertain this belief are apparently indifferent to the significance of certain signs indicative of public sentiment, and they will probably do no more than smile over the declarations of Bryan when he says:

"The struggle of 1896 is a plainer struggle now than it was then; a struggle between Democracy and Plutocracy. When we enter the campaign of 1900 we will have a fighting force different from that which we had in 1896. We will enter it not only with the people we had then, but we will gain recruits every day from the Republican party, because the Republicans even are learning what Republican principles of modern times mean. The Industrial Trusts are going to help the Democratic party. They are nothing new, but they are exemplifying and showing in vivid colors the really vicious principles advocated by the Republican party."

It may be that those who deride the predictions of the Free Silver leader are sound in their conclusions. Yet Wealth will not look in Bryan's direction alone for the expected attack. United States Senator Beveridge doubtless expressed the views of many influential Republicans when he predicted that his party would forestall the followers of Bryan. He is far enough West to know that Municipal Ownership and hostility to Corporate Wealth go hand in hand. In Toledo, Jones, the Christian Socialist, although nominally a Republican, received 17,000 votes when he ran for Mayor in 1898, his regular Republican opponent received

about 4,000 votes, and the Democratic candidate 3,000. Many hundreds of Republicans abandoned their party to vote for him. In 1899 he polled 107,000 votes as an independent candidate for Governor of Ohio. And Jones is one of Professor Heron's disciples. In Michigan, Governor Pingree, ostensibly a Republican, is a champion of Municipal Ownership and an avowed enemy of Corporate Wealth. In Chicago, Carter H. Harrison declared in favor of Municipal Ownership, and was elected by a big plurality. Mr. H. H. Kohlsaatt, proprietor of two Republican papers, says 75,000 Republicans voted for Harrison. And the Mayor is irrevocably in favor of Bryan's renomination. Municipal Ownership is popular in the West; it is a pet child of Christian Socialists, most of whom have been Republicans. These are signs which Wealth will easily interpret.

The politicians of both great parties are making concessions to the Socialists openly engaged in a War on Wealth. The politicians in Germany, France and England are making similar concessions. To those who are inclined to belittle the matter, and who are oblivious of the fact that there is a trend of thought in the direction of Socialism throughout the civilized world, the following declaration made by Herbert Spencer in characterizing the action of the average member of Parliament to-day will doubtless suggest an application to our average legislator:

"Every day he takes some new step toward the socialistic ideal, while refusing to think that he will ever arrive at it; and every day, to preserve his place, he seeks to outbid his political rival in taking such steps."

II.

SOCIALISM'S STRENGTH INCREASING.

Its growth among Religionists, Educators and persons in Politics—American advocates of ideas who would have been stamped as followers of Karl Marx a few years ago—Trend of sentiment as illustrated in conferences, conventions and campaigns—Strong characterization of Trusts by President Gates, of the Iowa State University.

The sociologist who studies the social phenomena of Western civilization has ceased to look to the Socialistic vote or to Socialistic parades for any of those convincing evidences which indicate the trend of thought in the United States. It is not to the puny organizations which stridently proclaim their adherence to Karl Marx that the sociologist turns his gaze in any endeavor to learn in what direction the great masses are marching. The avowed Socialists are easily counted, their numbers, parades and votes are not impressive or significant of strength, viewed from any standpoint. Yet the Socialistic idea is stronger in this country to-day than at any time in its previous history. And it is to the great political parties, to the press, pulpit and leaders of thought that one must look to form an intelligent estimate of the strength of Socialism. None of these parties, and but few of these leaders and molders of opinion, admit that they are Socialists. Some call themselves Democrats, others Republicans, and others still reformers, but no matter what the title they assume, as a matter of fact they are advocates of the Socialistic idea. That

must be apparent when their utterances are tested by the cardinal principle of Socialism, thus set forth by the lexicographer, Thomas Kirkup:

"Socialists believe that the present economic order in which industry is carried on by private and competitive capital must and ought to pass away, and that the normal economic order of the future will be one with collective means of production and associated labor working for the general good. This principle of Socialism is cardinal and fundamental."

The late Rev. Dr. A. J. F. Behrends, writing of Christian Socialism on the continent of Europe, declared in "Socialism and Christianity":

"De Lammennais, who was born in 1872, may be regarded as its earliest advocate, and Von Kettler, the famous Roman Catholic bishop of Mayence, who died in 1875, as its most industrious promoter. They claim that the church is to be the 'animating spirit of the economic as well as the religious world,' and that she ought to become a great co-operative association of laborers for the overthrow of capitalistic tyranny. In doing this, moreover, the church is only to use her social power, without appealing to violence. Experimental Socialism is uniform in its testimony that religion must be the solid *foundation* and the *secret life* of the ideal state."

With the sentiment expressed in that last sentence every Christian must agree whether he be Democrat, Socialist, or Republican, and therein lies the main strength of the New Socialism.

Socialism unquestionably made its greatest strides in the history of the United States in 1896, beginning with the day on which William Jennings Bryan was nominated for President. In the platform adopted by the National Democratic Convention which made this nomination the Socialistic hostility to great aggregations of wealth was indorsed, but it remained for the Populist convention, held at St. Louis, to present more explicitly and forcibly the Socialistic idea. That was done in the adoption of the following plank:

"Transportation being a means of exchange and a public necessity, the Government should own and operate the railroads in the interest of the people and on a non-partisan basis, to the end that all may be accorded the same treatment in transportation and that the tyranny and political power now exercised by the great railroad corporations which result in the impairment, if not the destruction, of the political rights and personal liberties of the citizen, may be destroyed. Such ownership is to be accomplished gradually, in a manner consistent with sound policy."

Mr. Bryan accepted the nomination of the men who made this platform—Populists who claimed to have polled over 1,200,000 votes in 1892. As the candidate of these men and those who called themselves Democrats at Chicago, Mr. Bryan received over 6,500,000 votes, a great triumph for the Socialistic idea, despite his defeat.

No observant attendant upon the proceedings of the Populist National Convention could have arrived at any other conclusion than that it was purely

a Socialistic convention. On every side the delegates proclaimed their hostility to Corporate Wealth, and advocated National Ownership of railroads, telephones, telegraph and other public utilities. Their platform would have contained more radical declarations in advocacy of the Socialistic idea had it not been for the restraining hands of ex-Governor Stone of Missouri and Senator Jones, who believed that a frank statement of the principles of these Populists might injure Bryan's candidacy among conservative voters. These delegates cared little for free silver; what they most desired to do was to strike a blow at the great corporations of the country.

The temper dominating many of these Socialists calling themselves Populists was illustrated by a publication distributed by the hundreds in St. Louis during the session of the convention. On the first page of this paper was a picture representing a pair of scales, one of which was loaded down with mortgages, evictions, foreclosures, taxes. By it stood a money king with his arms full of papers labeled taxes, foreclosures, evictions, greed. The second scale was filled with papers labeled corn, labor, wheat, cotton. By its side stood a group of workmen, one holding in his hand a great sword, was represented as saying to the money king, while he fingered the edge of his weapon:

"Better not pile on too much or we will try the weight of this thing."

One may get another faint impression as to the mood of these Socialists in the words of caution uttered by one of the more conservative delegates, the editor of the Iowa Equalist of Maquoketa:

"I cannot agree with General Weaver that 'this fall is our last chance this side of Revolution.' Yet it may be that blood will have to be shed in defense of our rights, by the shedding of blood by a down-trodden populace."

Bryan was defeated, but his defeat has not prevented the spread of Socialism. Within the last two years the Socialistic cry for the National Ownership of railroads, telegraphs, telephones, and other public utilities has been raised in every State of the Union. Municipal Ownership, properly characterized as the stepping stone to National Ownership, now has its Republican as well as its Democratic advocates. The Chicago Evening Post, representing that element of Republicanism which views with alarm the spread of Socialistic ideas, made the following comment upon the situation last summer:

"When we find Governor Roosevelt and the New York Rapid Transit Commission, a body of able and distinguished business men, declaring that 'of course' and 'unquestionably' municipal construction, ownership and operation of the underground railways should be preferred to private control and management under proper safeguards, the conclusion is unavoidable that municipal Socialism has made considerable headway in the United States. When we reflect that in the late Chicago Mayoral campaign the Republican candidate, the spokesman of the most solid and conservative element, actually hoped to gain votes by out-Heroding Herod and assuming a more extreme position in favor of "municipalization" than that of the avowed candidate

(Altgeld) of the discontented and revolutionary classes, we cannot gainsay the assertions of those who expect to see Municipal Socialism the fixed policy in a short time."

It is a notable fact that many of our educators, college presidents and college professors have yielded their allegiance to certain Socialistic principles. Some of these professors have lost their chairs, yet their removals seem to have had no restraining influence upon those they left behind. In 1896 they went no farther than to demand that the railroads should be owned and operated by the National Government. To-day they are predicting that the Trusts ought to be and will ultimately be owned by the Government.

In June, 1899, the writer attended a "National Political and Social Conference" held at Buffalo. There were in attendance about 300 delegates from various States of the Union. Many of these delegates were college professors, clergymen and women, a large percentage of whom avowed themselves Christian Socialists. They were not Populists and the great majority of them were well-read and well-informed people of exemplary lives, impractical for the greater part, but all unquestionably earnest and sincere in their desire to do something for the betterment of existing social conditions. The one notable sentiment which these men and women applauded most heartily, and most enthusiastically reiterated, was expressed by President Gates of the Iowa State University in the following words:

"I love the Trusts, yet I hate them as I hate the devil. I love them because they put an end to destructive competition, because they save waste and energy. So I may say the same thing of department stores. They save women shoe leather, worry and their good temper. It is true that the department stores put small shopkeepers here and there out of business. They are put out upon the streets to do the best they can, sometimes to become paupers; yet that is not the fault of society. Our society is so disorganized that we make no provision to cure the evils caused by the Trusts.

"Some day, after the Trusts have, with great labor and difficulty, taken the cart up to the top of a long hill, we will relieve them of their labors. We will say, 'This is our cart,' and take it. The Trust as at present organized, may be called the Great American Brotherhood, Limited. Some day we will strike out that word Limited."

III.

NO LONGER THE SOCIALISM OF THE IDEALISTS' ISOLATED COMMUNITY.

The Communist and Radical Socialist overshadowed to-day by a Formidable Figure worthy of serious attention—Significant characteristics of the times noted by the President of Columbia University, Dr. Seth Low, and by others—The prediction of Herbert Spencer.

Among thoughtful observers of existing social and industrial conditions, it is generally conceded that Socialism has reached a stage in the affairs of this country at which it must receive serious consideration. So long as the advocates of Communistic and Socialistic ideas were men and women who organized small communities, given over, as one writer says, "to the dreamers of dreams and to the seers of visions," they failed to attract general attention. To the people of the United States these self-isolated communities have proved of no more concern than the members of any of the small religious sects of this country. For these communal and socialistic communities have exercised no influence upon social, political or industrial conditions outside of their insignificant villages. They have taught no great lesson, their failures have caused no more than the passing comment that even Communists and Socialists are subject to the common weaknesses of humanity. There are seventy-two of these communistic villages in the United States, and the mere announcement of this fact will

doubtless be news to the average man of intelligence, for these feeble efforts to establish a new social order have scarcely made a ripple upon the waters of American life.

It is not to the hamlets of these self-isolated idealists that any thoughtful observer will look for the signs of threatened or impending changes in national, social, political and industrial conditions. The sociologist has turned his back on these impotent communal villages, founded for the greater part by men of foreign birth who came to America to escape oppression; and the student of social evolution now finds in the Socialist, whose principles are advanced by a political party and leaders of thought, a formidable figure worthy of serious attention.

Most of those influential journals which the Socialist calls the organs of Capital, are alive to the fact that Socialism is an active and growing force. By way of illustration permit me to quote from a recent editorial which appeared in the *Municipal Railway Record*:

"Though Communism and Radical Socialism are not to be considered as serious problems, yet there is a social and economic change gradually developing which may call for sober and thoughtful consideration. In an address before the Central Federation Union, on 'Some Characteristics of Our Times,' President Seth Low of Columbia University said that among the many changes that were taking place, one of the most marked was that the individual capitalist was disappearing in the cor-

poration and the trust, on the one hand, and the individual laborer was being absorbed by the union, on the other. The individual had, indeed, increased in importance politically, but he was losing his individuality."

"The individual laborer will certainly not hold his own, if the preachers of a certain kind of Socialism have their way; for one of the most marked social tendencies of the end of the century is the effort to suppress individuality, to put a stop to individual effort and initiative, and to establish what an impracticable school of theorists call Associative Socialism. President Low thinks that the movement is well advanced.

"The material condition of the inhabitants of the successful communistic village—for we have seventy-two of them—compares favorably, no doubt, with that of the German peasant by whom the majority of American communes were originally started; but the monotony, the personal submission, the impossibility of privacy or temporary seclusion, the absence of anything like intellectual activity in these societies, would render the life well-nigh unbearable to people who previously had been accustomed to a higher standard of happiness than at present within the reach of the ordinary day laborer. Hence, the poorer and more narrow and miserable the condition of the people who start a communistic experiment the more likely it is, under judicious leaders, to succeed. People are easily satisfied when almost any change in their lives must be for the better. It would be undesirable to detract from the achievement of the American communes in raising the poorest and most miserable to a degree of ma-

terial prosperity, which compares with that of well-to-do farmers in any country. But it is impossible to resist the conviction that their chief value to the world has been in illustrating the limitations and drawbacks of the system."

In the foregoing lines the reader may clearly distinguish the difference between the denizens of the communal village and the Socialist who commands the attention of the president of a great university and all thoughtful observers who are studying the vital social questions of the day.

Radical Socialism as represented by the Herr Mosts and others of that school is worthy of no more serious consideration from a political standpoint than that paid to the Oneida and other communal societies, but it must be conceded that the advancement of Socialistic ideas by national conventions, the professors of our colleges, by law-makers and ambitious politicians is indeed deserving of careful thought. And in future presidential campaigns, Socialistic ideas will have to be dealt with. For the Socialist is no longer self-isolated; he has entered the field of national politics wearing a political mask, it is true, yet none the less easily identified. Municipal Ownership has been thrown to him as a concession, for great numbers of our people who are not Socialists have come to believe that Municipal Ownership of water works and other public utilities is in the public interest. Having gained one concession, the Socialist now demands the public ownership of railroads, telegraphs, electric light plants and the Trusts. What the outcome

of his efforts may be it is not the part of the writer to predict, for he is writing these lines solely as an observer. That the proposed change in the existing order of things will not come hastily, if it come at all, may be inferred by reading the closing paragraph of the plank on National Ownership of railroads, which appeared in the platform adopted by the Populistic convention in St. Louis, 1896:

"Such ownership is to be accomplished gradually, in a manner consistent with sound policy."

While the writer may not venture upon any prophecies concerning the possible achievements or reverses of Socialism, the following prediction made by that distinguished master of thought, Herbert Spencer, may be of marked interest just now:

"A sudden substitution of the regime proposed for the regime which exists, as intended by bearers of the red flag, seems less likely than a progressive metamorphosis. To bring about the change it needs but gradually to extend the state regulation and restrain individual action. If the central administration and the multiplying local administrations go on adding function to function; if year after year more things are done by public agency, and fewer things left to be done by private agency; if the business of companies are one after another taken over by the state or municipality, while the businesses of individuals are progressively trencched upon by official competitors; then, in no long time, the present voluntary industrial organization will have its place entirely usurped by a compulsory industrial organization. Eventually the brain worker

will find that there are no places left save in one or other public department; while the hand worker will find that there are none to employ him save public officials. And so there will be established a state in which no man can do what he likes, but every man must do what he is told. An entire loss of freedom will thus be the fate of those who do not deserve the freedom they possess."

IV.

LEADERS OF THE NEW MOVEMENT AGAINST WEALTH.

Not the men described by the Rev. Dr. Hillis in his notable contribution to the controversy between Wealth and its enemies—They are to be found in church congregations and in colleges and among the great middle class—Indictment of the owners of municipal franchises by the Rev. Dr. Washington Gladden—"The Devil's dance of Capitalization" as it is characterized and defined by Prof. Albion W. Small, Professor of Sociology in the University of Chicago.

Eastern clergymen are beginning to understand that notwithstanding the defeat of the movement against Wealth in 1896, its forces have reorganized and are moving forward under new leaders, with new battle cries and renewed determination. Instead of demands for free silver we hear the louder demands for Municipal Ownership of public utilities and the taxation of franchises, demands for the abolishment of trusts, demands for a restriction of the profits of capitalists engaged in business enterprises. The leaders in this movement are trying to invest it with the character of a religious crusade; its doctrines are preached as a religion. Those who are carefully noting the progress of the movement under its new form must have been impressed with its semi-religious aspect, by the fact that in the discussions conducted by its leaders the sacred name of Jesus Christ is mentioned more often than that of Jefferson or the names of other statesmen to

whose utterances the American people have hitherto looked for guidance. The Golden Rule, the Decalogue, the sayings of the Scriptures are referred to far more frequently in the controversies raging over sociological questions now engaging the attention of the country than this or that national political platform. As it was in the early days of agitation over the slavery question, the debaters on each side are quoting Scripture in defense of their respective contentions, instead of quoting statesmen.

The Rev. Dr. Hillis has made a notable contribution to the controversy between Wealth and its assailants. In a sermon from the text "The strong ought to bear the infirmities of the weak," delivered in Plymouth Church Sunday, May 21, 1899, Dr. Hillis said incidentally:

"To-day for the first time in history, a revolution has been fomented against those who represent law, order, thrift and the economy that makes and saves property.

"Ours is an era when an enemy is abroad in the land sowing tares by day and by night, lighting the flames of class hatred. The children of unrest and discontent are being taught to hate order and industry. Men who have earned a dollar and put it into a mug of beer are being inoculated with money-phobia against those who have earned a dollar and put it into a savings bank. In past times good men rose up against the Bastille and the Inquisition, but to-day for the first time in history a revolution has been fomented against those who represent law, order, thrift and the economy that makes and saves property."

Dr. Hillis seems to have overlooked the most significant feature of this movement against Corporate Wealth: While it may be true that the men who have earned a dollar and put it into a beer mug are being inoculated with moneyphobia against those who have earned a dollar and put it in a savings bank, it is incontrovertible that a great mass of those arrayed in the ranks of hostility to wealth are not idlers, spendthrifts or dissipated men. It is useless to close one's eyes to the facts that a great multitude of those who are looking upon wealth with unfriendly eyes are to be found in church congregations, colleges and among the so-called middle classes of our communities. Those who are to be regarded by Wealth as its most formidable opponents to-day are not the Herr Mosts, the Lucy Parsons' and the beer-drinking Socialists of yesterday. For in the van of the new movement are ministers, college professors, governors of states, church congregations, ambitious politicians, with the old-time Socialists and the idlers following.

If one desires any proof of the truth of this statement, let him talk with his neighbors; let him ask what they have to say about trusts, corporations and great aggregations of wealth, and what their ministers are saying. Ask any lawyer who has had experience in the trial of damage suits against corporations to repeat the answers made by jurors when examined as to their prejudices. The idea that is meant to be conveyed by this suggestion may be made clearer by illustration: Recently I asked a lawyer of high standing who has figured prominently in damage suits if he had noted in the examination of jurors any reflection of the tendency of

thought concerning corporations, and he answered:

"It is the almost invariable custom for lawyers on either side of a case to ask jurors this question: 'Have you any prejudices against, any feeling of unfriendliness for corporations in general that might affect your judgment as a juror in this case?' I have heard well-dressed men, men of intelligence, answer, again and again, in the affirmative, and frequently the answer has been coupled with a bitter remark indicative of great hostility to corporations and great aggregations of wealth. Of late I have been greatly impressed with the frequency of these declarations."

Occasionally when a more or less prominent clergyman inclined to sensational methods indulges in denunciations of wealth, his sermon is reported, but it excites little or no comment. Yet if the sermons of many clergymen who are not classed as prominent by the newspapers should be reported, it would be patent to even the most complacent and self-satisfied critics of the movement against Wealth that it is receiving widespread encouragement from pulpits deemed unworthy of notice by newspapers, but nevertheless wielding in the aggregate large influence. Of what use is it to ignore the influence which any thoughtful observer can see at work about him day after day? The advance of Socialism, whether it assumes the title of Christian Socialism or presents itself in the old form, cannot be stayed by the calling of names, the use of vituperation or epithets. Reason and sound argument, the remedying of evils justly complained of, are the

only weapons which can be used effectively by those who are facing the new movement.

The Rev. Dr. Washington Gladden of Columbus, O., who was recently elected to the Common Council of that City, and is a warm friend of the Christian Socialist Jones, forcibly expresses a sentiment that has run like wildfire through the West and has reached the East. In an interesting paper on the "Spread of Socialism," that appeared in the issue of the Outlook, May 13, 1899, Dr. Gladden says:

"There is one class of capitalistic aggregations, based on monopoly, against which popular indignation is likely to be kindled even sooner than against the so-called trusts. I refer to those which are founded on municipal franchises. Most of the companies owning these franchises have issued capital far in excess of their actual investment, have disposed of the stock thus issued and are charging enough for the service rendered the public to pay the dividends on all this watered stock. If they were content with a fair return on what the plant has actually cost them, the price of the service could be greatly reduced. A fair return on their actual investment nobody grudges them, but the privilege of taxing the community to pay dividends on two or three times as much money as they have invested is going to be questioned one of these days. When the reckoning day comes to our monopolies some sharp inquisition may be made into the fundamental equities of many of these institutions. Vested rights will be respected, I have no doubt; but vested wrongs may be called to account. It is probable

that some new legal maxims will be framed and enforced and that our jurisprudence will be enlarged and invigorated by a new application of ethical principles. Whether corporations in any sense private will long be permitted to manage public utilities may be doubted; but if they do they will certainly be required to govern their conduct by a strict regard for the public welfare."

In this statement made by Dr. Gladden is the principal charge in the indictment which the advocates of Municipal Ownership have brought against corporations owning surface railroads, gas, electric light and telephone plants. You will find the same charge made by Professor Bemis in his book on "Municipal Monopolies"; the same charge is being made from pulpits and the chairs of college professors all over the country. With the truth or falsity of this charge the writer has no concern in the writing of these letters; for he is dealing with facts, as they have been found. Yet one may be permitted to say, without being open to the charge of bias, that this charge has, so far, not been refuted.

The new leaders of Socialism in this country are not the beer guzzlers whose fiercest fulminations are to be heard in little smoke-filled halls. The most intense Socialists of the day are to be found in our colleges and pulpits. Some of our observant capitalists have become convinced that something must be done by them in the way of meeting a new phase of social agitation, and Professor Herron, in the following language, tells how it is proposed to meet college Socialism:

"As an instance of the educational influence of money, let me quote from one of the speakers at the recent annual convention of Illinois bankers:

" 'Largely through the efforts of the American Bankers' Association,' says this speaker, 'a school of Commerce and Politics has been established at the University of Chicago and from it much may be hoped.'

"The university referred to is in no sense whatever an exception; the smallest Western college is just as much dependent on the good-will of money as Chicago University. All our educational and missionary organizations elect men to their boards for the bald reason, when divested of pious phrases, that they have money; and this without a thought of how the money is obtained."

It is a significant sign of the tendency of thought to find upon the heels of Professor Herron's declarations, Dr. Gladden quoting Professor Albion W. Small, head professor of sociology in the University of Chicago, a professor who while not regarded as an advocate of Socialism, nevertheless says:

"In this age of so-called democracy we are getting to be the thralls of the most relentless system of economic oligarchy that history has thus far recorded. That capital from which most of us directly or indirectly get our bread and butter is becoming the most undemocratic, atheistic and inhuman of all the heathen divinities. I am not thrusting the dust of my library in your faces; but if you heed the symptoms from bank and office, factory and railroad headquarters, and daily press,

you have discovered that the very men who have made these combinations are beginning to be frightened at their shadows. These very business men, who claim a monopoly of practical 'horse sense,' have involved themselves and all of us in a grim tragedy. They are asking in a quiet way how it is all going to end. Whether they realize it or not, our vision of freedom is passing into the eclipse of universal corporate compulsion in the interest of capital. The march of human progress is getting reduced to marking time in the lock-step of Capital's chain gang. It would make infinitely more for human weal if every dollar of wealth was cleaned off the earth, if we could have instead of it industry and homes, and justice and love and faith, than to be led much further into the devil's dance of capitalization."

V.

PROFESSORS UNDER A BAN.

Professors Bemis, Parsons, Ward, Commons and Herron alleged "Victims of Intolerant Capital"—Removals from college chairs regarded as giving a fresh impetus to Socialism—The cases of the Kansas professors described by Prof. Bemis to "Mul"—"I am on the capitalist side every time," explained Prof. Harper, of the Chicago University.

The removal of Professor Bemis from his chair in the University of Chicago, his subsequent ousting from a chair in the Kansas Agricultural College, along with Professors Parsons and Ward; the removal of Professor John H. Commons from the Syracuse University, and the attempt to force Professor Herron out of the Iowa State University because of their alleged Socialistic teachings and strictures on monopolies, caused widespread discussion throughout the country. The removals of these educators, no matter what may have really been the cause, undoubtedly gave a great impetus to the new Socialism and created intense sympathy among the opponents of monopolies. Far and wide these professors were regarded as the victims of intolerant Capital. On every side Socialists pointed to the removals of these men as evidences of an intention on the part of Capital to suppress free speech in our colleges and universities.

In reply to the statement that these unchaired professors had been removed for incompetency,

Carl Vrooman, Regent of the Kansas College, said to the writer:

"The professors were dismissed for political reasons solely. That admission was made by the chief officer of the college. Republicans as well as Democrats in Kansas are incensed over this action. They did not dare remove the professors until the students went to their homes. The students got wind of what was proposed and entered vigorous protests. The people of the State will attend to this case."

Professor Commons' friends say he was dropped from the Syracuse University ostensibly on the ground of economy, but really because he voted for William Jennings Bryan and had exposed the evils of monopolies. The professor said when I questioned him concerning this matter: "I do not care to make any public statement at present beyond this: It is true I voted for Bryan. It is true that I was informed by one of the officials of the college that I was not in accord with the sentiment of those upon whom the college depended for support."

That was all he would say for publication. Here is the first public answer made to the charge that the Kansas professors were removed for incompetency. The answer is authorized by Professor Bemis and was intended for publication in a New York magazine, but was handed to the writer at the National Social and Political Convention held at Buffalo, in June, -1899:

"There are seven regents of the Kansas Agricultural College. There are seven hundred students. About six years ago the Democratic and Populist fusion ticket won the State, which had been

carried by the Republicans a few years previously by 70,000 majority. Governor Lewelling was elected on the fusion ticket and that gave to the fusionists control of the State Board of Regents. They could have reorganized the college, but did not, except to call Thomas E. Wiel to the chair of Political Economy. He was an A. M. of Harvard. The Republicans regained control of the State and the Board of Regents. They forced Professor Wiel to confine his teachings largely to other branches than economics, physics and rhetoric. In 1896 the State again was carried by the Populists and a law was passed somewhat changing the organization of the Board of Regents. The entire board of seven was made up of Populists and Democrats.

"They determined to make a record in the way of improving the efficacy of the college in agricultural and engineering by increasing the number of elective studies in those lines and securing a stronger faculty independent of politics, for it was generally held by persons of all parties that several of the professors in their departments had never had any advanced training in great universities and were not a success at the college.

"The board also desired to increase the work in economics, history and political science, and to call men of well-known liberal views, although they were not particular about their being politically affiliated with the Populist movement, or even with the free coinage of silver at 16 to 1, which had been a great political shibboleth in the 1896 campaign in Kansas. The board also felt that the president of the college, George E. Fairchild, who had been there for over fifteen years, was avowedly opposed

to both of the forenamed lines of development. While considering whether to ask for his resignation, he voluntarily gave it, apparently not expecting it to be accepted, but it was; and several changes were made in the faculty. Nearly all the new professors, however, in the agricultural, engineering and general departments of natural science, were either Republicans or entirely unidentified with political movements. Very careful inquiry has shown that in their cases no knowledge was sought or obtained by the new Board of Regents relative to political affiliations of these professors, and in most cases it was the universal verdict that the new professors were far better equipped and far more successful in their teaching than were the former instructors.

"The new head of the Agricultural Department had, for the previous three or four years after graduation from Kansas College, been in charge of the famous farm of former Vice-President Levi P. Morton, on the Hudson River. Professor Thomas E. Wiel, who had only been allowed to do a little teaching in political economy for two years, was made president, and in his new position had only tried to teach one class in economics three months in each year.

"Professor Frank Parsons of the Boston University School of Law, and well known for his contributions to the Arena, was engaged to take charge of classes in history and political science from January to June of each year, while the work in economics was increased from two kinds to four, and a three term not conducted by the president, together with some new courses in history, was given

to Professor Edward W. Bemis.

"He had been at the University of Chicago from 1892 to 1895 and then was dismissed with a statement by President Harper. 'It is all very well to sympathize with the working man, but we get our money from the other side and can't afford to offend them. I am on the capitalist side every time.'

"When President Harper of the University of Chicago informed Professor Bemis in the spring of 1895 that his services would not be desired as associate professor of political economy after July, the president stated that the professor's views were not radical and his investigations and work along the line of labor and city government were valuable and he was a good man to do such work, nevertheless the University of Chicago was not the place where such work could be done, that the case was exactly like that of Professor Ely, who was very much liked by the president, but the latter could not call him to the university even if there were a vacancy.

"About the same time the President in speaking of Professor Bemis remarked to one prominent and highly reputable gentleman: 'It is all very well to sympathize with the workingmen, but we get our money from those on the other side and cannot afford to offend them.'

"To another gentleman of world-wide reputation the President said: 'I am on the capitalist side every time. There is where I get my money.'

"Later, when President Harper attempted to assign other reasons for the dismissal of Professor Bemis, the latter challenged him to appoint an umpire, before whom these two men would appear and face the President, if necessary, and confirm the

above quotations. The President ignored the challenge, which is still open to him. Later, a well-to-do business man of Chicago, Mr. Z. Swift Hollbrook, editor of the *Biblio Theca Sacra*, called upon the two gentlemen above quoted and gave Professor Bemis a statement that he had quoted correctly their conversation with President Harper, although this appears in the *Arena* for October, 1897, and was sent to the President by registered mail, with a statement by the author of the article, Hon. Charles A. Towne, that if the challenge for an umpire was not then accepted the case must be considered decided against the University of Chicago, that Standard Oil institution remained silent.

"When Professor Bemis was called to the Kansas State Agricultural College in the spring of 1897 he wrote the Populist Board of Regents that he did not believe in the free coinage of silver at 16 to 1 and must be allowed perfect independence in all his teaching. This was immediately guaranteed, and he declares that the agreement has been kept. Certain important conservative interests in Kansas, such as the railroads and possibly the Standard Oil influence, however, recognizing the leanings of Professor Parsons and Bemis toward public ownership of lighting and street railway plants, determined to secure their removal. The writings of the President of this college upon the monetary history of the United States, chapters of which frequently appeared in the college magazine, the *Industrialist*, and some personal antagonisms growing out of the removals of 1896, stimulated a clamor in some of the Republican newspapers of Kansas for the removal of every teacher in the college in any way

connected with the departments of economics or history.

"The new Republican Governor, Stanley, elected last fall, was unable to secure a majority of the Board of Regents for accomplishing this purpose without a farcial investigation by a legislative committee, which enabled him legally to remove some of the Populist regents on such technical charges that they run a lunch room and a book store for students and paid one of the regents \$15 a month as purchasing agent for the dining hall. Having secured control of the board the Republicans were met by urgent appeals, petitions and resolutions, adopted almost unanimously by the students, for the retention of the faculty and the continuance of the course of study; but they kept the students quiet with the claim that little change would be attempted.

"After the students had been home for the summer vacation, however, the regents, on June 9, dismissed the President, the Secretary, Professors Parsons and Bemis and Professor Duren J. H. Ward of the English department, who had come under suspicion of manifesting utilitarian tendencies and of being able to conduct sociological teaching along liberal lines, having twice taken the President's classes for a short time during his absence. In a conversation between the board and Professor Bemis, which was taken down verbatim by the President's secretary, the new President of the board stated: 'We are not committing ourselves in any way when I testify to my high opinion of Professor Bemis personally, his ability as an instructor and his character as a gentleman.'

"It was also stated that there was no evidence of any partisanship in the work of the dismissed professors, but there had been a political revolution in the state and that part of the state which the regents represented did not indorse the economic tendencies which it was generally believed had place in the college.

"This is almost literally the language of the board. Similar statements were made to each of the other dismissed professors. The issue, therefore, was perfectly clear. These professors were not dismissed because of incompetency or from any evidence of unfairness or partisanship in their work, but because the Republican party of Kansas, like the trustees of most privately endowed colleges and universities, do not believe that students should be brought into close touch with modern progressive movements, in economics and political science.

"In view of all this, the Buffalo conference, under the leadership of such men as N. O. Nelson and Mayor Jones of Toledo, believe that the time is ripe for an organized effort to open professorships more fully than now in the state institutions and to secure private support for a great school of research. A movement is now on foot for that purpose."

That protest against interference with our universities was echoed by the distinguished Chancellor McCracken in addressing the students of the New York University, June 6, 1900, when he said:

"Within my time as an educator I have seen the college or university brought up before the religious

sect which controlled it and threatened: 'Do what we say or we will renounce you.' On the other hand brought up before some millionaire trustee and threatened: 'Do what I say or I will destroy you.'

"The former had this advantage that he was conscientiously claiming what he judged a service to God. The latter was openly demanding the service of Mammon. I pity either the university or the university man that will bow down to any claim of caste whether religious caste or moneyed caste."

VI.

WESTERN SOCIALISM.

Sentiment behind the movement for the acquisition of Public Utilities in Chicago—A significant feature of the last mayoralty campaign in Chicago—Interview with Mayor Carter H. Harrison upon the results of the Municipal Ownership of such Public Utilities as Water-works and Electric Lighting.

'Where are the saints able to prove their sainthood in the willingness to be no saints, that the whole human life may be socially sanctified at last? Where are the anointed ones who will descend into the economic hell, that they may ascend with hell and its inhabitants into the kingdom of heaven? Where are the saviors who will lose their own souls, that they may save the soul of the race? Let them arise and come quickly! For them wait the captives and captains of industry alike; for them wait the heart of God and the destiny of the world.

"Sooner or later they who stand for the social order of the kingdom of God, who believe and teach, in work and word, that the facts and forces of Jesus' life are wise and strong for the perfect organization of society, will meet the existing order of things in clearly defined lines of conflict. The Pilates of monopoly have already made friends with the Herods of the state, and the high priests of the church are blessing their union. It is no longer best to evade or conceal the divine inevitable: there may have to be some dying done before our social wrongs are thoroughly righted."—Professor GEORGE D. HERRON in a noonday lecture at Willard Hall, Chicago, December 12, 1898, before the Christian Citizenship League.

American Socialism claims as its latest and most notable triumph the election of the radical Christian Socialist, Samuel M. Jones as Mayor of Toledo, and the election of the more conservative Carter H. Harrison, as Mayor of Chicago. Harrison, however, does not call himself a Socialist, preferring to be known as a Bryan Democrat, and incidentally a believer in Municipal Ownership. As Mr. Bryan recently said in referring to the Municipal Ownership movement, "This question is now being so generally agitated in the cities throughout the country that it rises to the dignity

of a national issue. The gold men are opposed to such principles; they are mostly capitalists and are opposed to the common people. But time and agitation will bring about the supremacy of the masses," and as Mayor Harrison, a few days later, declared that he irrevocably favored the renomination of Mr. Bryan for the presidency, conclusions concerning the Mayor's disclaimer of affinity with City Socialism will easily be reached. As a matter of fact, each of the three candidates for Mayor at the last election held in Chicago, avowed his sympathy with certain Socialistic principles. Altgeld was frankly a Socialistic candidate. Zina R. Carter, nominated as a Republican, manifested such a desire to win Socialistic support that in the last stage of his campaign the Chicago Evening Post, a Republican paper, characterized his utterances as evidence of "Socialism Going Mad." Harrison, although openly an advocate of Municipal Ownership, was more guarded in his utterance of Socialistic sentiments, and so despite his nomination as a Democrat he received a heavy conservative Republican vote, which later experienced a shock when he announced his devotion to the cause of Bryan.

Altgeld, the acknowledged Socialistic candidate for Mayor of Chicago, received 47,162 votes and Carter, the Republican candidate who was charged by a Republican paper with "out-Heroding Herod and assuming a more extreme position in favor of municipalization than that of the avowed candidate of the discontented and revolutionary classes," received 107,439 votes. The combined vote of these two advocates of Socialistic principles amounted to 154,601, being 6,189 votes in excess of the 148,412

votes polled by Carter, the more conservative advocate of Municipal Ownership. These figures viewed from any standpoint show clearly that Socialistic sentiment is strong in Chicago. Mr. Kohlsaatt, proprietor of two influential Republican papers in Chicago, himself a non-believer in Municipal Ownership, indicated to the writer the dilemma which confronted conservative voters in the mayoralty election by saying:

"I believe that there were fully 75,000 Republicans who voted for Mayor Harrison because they believed he was the safest of the three candidates—more conservative than the others."

In the light of the foregoing facts Chicago becomes a most interesting city to the student of sociological questions, especially when it is remembered that it was but a few years ago this community endeavored to strangle Socialism and Anarchy with the hangman's noose. The throwing of a bomb by an undiscovered revolutionist and the deaths which were caused by its explosion were put forward in justification of the subsequent execution of several Socialistic and Anarchistic agitators judicially declared to be the accomplices of the undetected assassin. It was then thought that American Socialism and Anarchy had received a fatal blow, for the public made no distinction between the two schools of social agitation. There has evidently been a great revulsion in sentiment in Chicago within the last few years. It was but a short time ago that one of the editors of a leading conservative

newspaper of Chicago said to the writer, in speaking of this matter:

"Chicago no longer believes that all of those who were executed for the Haymarket crime were guilty."

But whether those executed were guilty or innocent, it is a fact that the doctrines which led some of them to the gallows are preached with impunity in Chicago to-day. The denunciations which they hurled at wealth, their declarations that the rich were growing richer and the poor poorer, their demands that municipal government should engage in the War against Wealth, have been repeated again and again, by men preaching Socialism from pulpits and the chairs of college professors. And the same cries have been raised by candidates for public office. Witness the Rev. Dr. Thomas of the People's Church, Chicago, declaring from his pulpit one Sunday after discussing social inequalities:

"The remedy will be Evolution or Revolution!"

Hear Professor Herron as he stands before a great audience in Willard Hall, Chicago, solemnly declaring:

"It is no longer best to evade or conceal the divine inevitable; there may have to be some dying before our social wrongs are thoroughly righted."

Hear his appeal to the multitude in the same hall:

"Where are the saints able to prove their sainthood in the willingness to be no saints, that the whole human life may be socially sanctified at last? Where are the anointed ones who will descend into the economic hell? Let them arise and come quickly. Sooner or later they who stand for the social order will meet the existing order in clearly

defined lines of conflict. Where are the saviors who will lose their own souls, that they may save the soul of the human race?"

Are there not in these ominous utterances and fervid appeals some echoes or words that recall the lines from Carlyle's "French Revolution," in which we hear Camille Desmoulins shouting:

"The hour is come; the supreme hour of Frenchman and man; when Oppressors are to try conclusions with the Oppressed, and the word is swift Death or Deliverance forever."

No stronger evidence of the truth of the statement that there has been a great revulsion from the sentiment dominant in Chicago when Lucy Parsons and her confreres were on trial can be offered than the fact that the doctrines of Professor Herron, his most radical declarations, met with widespread approval, and in no single instance elicited a warning from the authorities. This is probably due to the fact that he declares the Founder of Christianity to be his leader. Even the Mayor of the city, when his public utterances are brought down to the last analysis, is found reiterating some of the sentiments promulgated by Professor Herron, for in a recent speech he said:

"In 1900 a bitter struggle awaits us. The old fight must be made again—a fight along the lines laid down in the platform of the last Democratic convention for the rights of the plain people; a fight against corruption and all its awful menace to the Republic; a fight against the trusts that seek to make of this nation, founded upon the theory of the

absolute equality of all men, a serfdom submissive to the power and the arrogance of wealth; a fight for everything that will lift the people higher; a fight against everything that would restrain the Republic in the onward march of its triumphant destiny."

During a recent visit to Chicago I called upon Mayor Harrison, at his comfortable but unpretentious residence on Schiller street, near the lake. He was attired in his bicycle clothes when he responded in person to my card. The Mayor impressed me as a young man of cultivation, self conscious and evidently on very good terms with himself. In the course of the conversation which followed he leaned back in his arm chair, speaking habitually with a drooping of the eyelids and in a deliberate, judicial way. In response to my queries the Mayor said:

"Yes, I am in favor of Municipal Ownership of public utilities, water, gas and electric lighting, for instance. We have tried the experiment with electric lighting so far as the streets are concerned, and with municipal water works. These trials have proved satisfactory. Take our water works, for instance: In round numbers, we have received \$2,500,000 more than the expense of operating them. Yet a gentleman of large means had the coolness to call on me and submit the proposition that he could supply the city with water at less expense than it is costing the municipality. Our electric light plant, which is used in lighting our streets, has proved successful. The all-night electric light lamps which formerly cost the city \$235

per lamp have been cut down to a point now where it costs us but \$68 per lamp."

Mayor Harrison was asked if it was proposed to eventually furnish electric lights to consumers in addition to lighting the streets, and he responded with the air of one recalling an unpleasant incident:

"Eventually, yes. There was a bill introduced in the Legislature giving to us the right to supply consumers with light, but after it passed one house of the Legislature it was sneaked away in some mysterious manner."

"Then you think the city should engage in competition with private enterprises?"

"I do not see any reason why cities should not furnish light as it furnishes water to consumers," said the Mayor, slowly. "There are other fields in which capital can enter. Capital is not obliged to go into the gas, electric light and city railroad business. There are other enterprises in which it may profitably engage."

"Do you believe in the Municipal Ownership of railroads?"

"Yes, but the time for acquiring these roads is a long way off. I do not believe that the city should own and operate its street railways until a civil service system is well established. Civil service is young in Chicago. Some of our calls for competitive civil service examinations are practically unattended, possibly because some think that the offices to be competed for will be distributed by political favor, no matter what examinations may be had, and for another reason, because there is a

prejudice against civil service in the minds of many. If the city should own and operate its railroads, its employes would come directly in contact with the public, and that is one reason why the city should not run its roads until civil service is on a firm basis."

"Are you in favor of the National Ownership of railroads, telegraph and telephone wires?"

The Mayor gave a quick, sharp glance, smiled, half closed his eyes and then answered with deliberation:

"I am not a presidential candidate and have nothing to say on that subject."

Before calling upon Mayor Harrison, one of his most enthusiastic admirers, who is recognized in Chicago as an authority on Municipal Ownership statistics, said in referring to the success which had crowned the acquisition and operation of the city's water works:

"When Harrison took hold he made the corporations of the city that were using water pay \$500,000 above the amount they paid in the preceding year. That is to say, he put \$500,000 more on the corporations and that put the rates down so far as the ordinary consumers of water were concerned. And they didn't make a kick."

I repeated this statement to the Mayor and for the first time he spoke hastily and said:

"That statement is incorrect. We increased our water receipts about \$400,000 and that was mainly due to the fact that we made the corporations pay for the water they actually used. It is true that this

was followed by a reduction of rates to the ordinary consumer. For instance, this house had to pay \$25 a year for water under the old system; now the rate is about \$9. We did not make the corporations pay for more water than they used."

VII.

EL MAHDI OF SOCIALISM.

Prof. George D. Herron, formerly of the Iowa State University—A new religion proclaimed by him with all the fervor of a Crusader—Young ministers "ready to throw away their lives"—The existing order of things condemned.

"There is a saying in Italy to the effect that there has never been a revolution in Europe without a monk at the bottom of it; and when the social crisis culminates here in America, you will find behind it the hundreds of young ministers of the gospel, who are getting ready to throw away their churches, their reputations and their lives, if it need be, in order to follow Christ in the social redemption that is to set the people free. Whether the Church will go with them or not, they will go with Christ, and share with Him the fate of the people."—Professor GEORGE D. HERRON of Iowa State College

In the Eastern cities of this country the public seems to know as little about the strength of Socialistic sentiment in the West as it knew about the strength of Western free silver sentiment in 1895. In that year I was connected with a conservative New York journal which knew more of what was going on in Wall street behind the scenes than most of its contemporaries, and it fairly represented the general lack of accurate political information in Eastern financial circles when it announced more than once, editorially, that the free silver movement was dead. The eyes of Wall street and its organs were not opened to real conditions existing west of New York State until the Eastern delegates to the National Democratic Convention arrived at Chicago to find that the free silver forces were in absolute control of the situation. Similar ignorance prevails in the East to-day. The public has heard

with faint interest that here and there out West college professors are preaching Socialism; it has hardly heard of Professor Herron; it does not realize that Christian Socialism is being preached with a zeal and fervor that is making many converts; that the War against Wealth is being proclaimed by clergymen, educators and workingmen as a new religion; that the Founder of Christianity is pointed out as the first leader of Socialism. And this new Socialism, be it right or wrong, must naturally be regarded by the thoughtful observer as a more formidable force in politics than when Socialism's chief exponents in this country found their largest audiences in the saloons. Now the Socialists preach to church congregations, and to students in educational institutions, as well as to workingmen. They have won some important victories under the Municipal Ownership standard, and that has encouraged them to fresh declarations of hostility to the trusts and corporations, and fresh demands for National Ownership of public utilities. They are as enthusiastic and aggressive as dervishes proclaiming a holy war. Their Mad Mullah or El Mahdi is Professor George D. Herron, formerly known as the Rev. Dr. Herron.

Professor Herron is a most interesting and unique speaker. Tall, slender, attired in dark clerical-cut clothes, dark of complexion. his locks and beard jet black, teeth as white as a Nubian's, forehead high, eyes large and luminous, he presents the appearance of an Oriental in European garb. There could have been no doubts as to the sincerity,

the intense earnestness of this El Mahdi of Christian Socialism as I heard him speak one night. I fancy that most of his hearers took him at his word and accepted the presentation that he made of himself as a believer in the impracticable—as one who meant what he said when he declared:

"The most impracticable man that I know is the practical man."

Professor Herron is certainly a man of charming, winsome personality, as gentle in conversation as a woman and naturally of a retiring disposition—aggressive and vigorously assertive only when he is on the platform or working with his pen. He certainly has the courage of his convictions, and has made sacrifices in behalf of his cause. He doubtless has in him such material as would enable him to endure bonds and stripes rather than surrender his convictions. The Professor has resigned his chair in the Iowa State College, rather than remain to the embarrassment of his warm friend, President Gates, and, I am informed, has gone abroad to meet Count Tolstoi.

Professor Herron has won many Western clergymen to his views by convincing them that the church is in the grip of Wealth and that it has forsaken the poor. And some of these clergymen have found that wherever they preach the doctrines of Herron their congregations grow larger. No matter how unpalatable the Christian Socialist's views may be to people of the East, they are worth reading, if for no other purposes than to learn how he is creating a large following, and to learn where-

in his appeal is worthy of acceptance or rejection. From his books, "Between Cæsar and Jesus," and "The New Redemption," I cull the following:

"If I were to stand before any representative religious gathering in the land, and there preach actual obedience to the Sermon on the Mount, declaring that we must actually do what Jesus said, I should commit a religious scandal; I should henceforth be held in disrepute by the official religion that bears Jesus' name.

"If the head of some great oil combination, though it had violated every law of God or man, beside the so-called economic laws, which neither God nor man ever had anything to do with, and though it had debauched our nation infinitely beyond the moral shock of the Civil War, were to stand before any representative religious gathering with an endowment 'check' in his hand, he would be greeted with an applause so vociferous as to partake of the morally idiotic. And, mind you, the condemnation of the miserable spectacle rests not upon the monopolist, but upon ourselves; upon those of us who worship at his shrine, and teach and preach by the grace of his endowments. It is we, not he and his gifts, that represent the complete prostitution of public opinion."

"The present attitude of the church cannot be charged against the clergy alone; it is quite as much the fault of the men upon whom the clergy depend. The pastor is involved in a religious system which has become thoroughly dependent upon the economic system. In fact, almost more than any other class, the men who minister from our pulpits are becoming the helpless victims of the most brutal in-

timidations of money interests. If they preach the truth which Jesus preached they will disrupt their congregations, destroy their own reputations, and will be practically blacklisted by the churches. With the doors of the church closed against him, after years of preparation, and with a dependent family about him, it is not wonderful that the pastor seeks truth in the terms of the existing order."

"Yet, notwithstanding all this, some of the best social agitation of America is proceeding from the young men in the pulpits or from young men who have been trained for the ministry. The most eager listeners to social discussions, and the most anxious inquirers are the pastors. It is no exaggeration to say that probably a hundred clergymen are studying the social problem, where one politician has given to it any consideration, or has even remotely heard of it."

It must be apparent that such utterances as have been quoted are far more likely to command the respectful attention and adherence of the so-called middle classes and workingmen who are not given to riotous living than would the fiery and often profanely punctuated declaration of agitators of the Herr Most type. The new Socialist is preaching a religion; he is voicing a widespread sentiment concerning the church; he is presenting himself as a Christian foe of trusts and monopolies, and all who join him are indirectly encouraged to believe that they are the real Christians and not the churchmen. That his religion may prove more elastic than the church goesers' religion, may embrace more

within its borders, Professor Herron has a word of excuse, or rather, justification for the Christian Socialist who visits the saloon instead of the church, and says:

"Perhaps a quarter of a million people will sit down in the saloons of Chicago to-night; not to get drunk or even to drink, for vast numbers of them do not drink at all; but because the saloon is the only social shrine, the only municipal drawing room in which the greater number of citizens can get together as human beings, and 'shake their hearts out' to each other, as the Germans say. In this sense the saloon fulfills a public and profoundly religious function, which the church and municipal system have alike failed to offer; it is the only social refuge that gives warmth and color, relief and fellowship to millions of toilers. 'A thousand souls are probably destroyed through perjury to the tax assessor,' said Professor Macy the other day, 'where one is destroyed through drunkenness.'"

It will serve no good purpose to attempt any belittlement of this style of preaching, for there is abundant evidence of its effectiveness. It was this sort of preaching that converted the former devout churchman, Mayor Jones of Toledo, to Christian Socialism; led him to tolerate wide-open saloons in his city, and prompted him to say, with a look expressive of contempt for the church when I asked him if he was a church member:

"Well, I'm not working very hard at it. I go to church and stand about all that I think I can bear."

Anyone who has taken the time to look about and learn if the new Socialistic propaganda is making any headway in molding sentiment cannot fail to have been impressed with the fact that this college professor's doctrines are finding favor in many pulpits. Even at home we hear the Rev. Dr. William S. Rainsford of St. George's P. E. Church, New York, declaring (so he was reported in the public prints):

"I say that the Christian Church to-day has been placed under a distinct obligation to modern socialism. Socialists have seen what the church has not seen, and denounced what the church has not denounced. I stand in the pulpit to-night and say after mature deliberation that the Christian Church is indebted to extremists for the theories which they have advanced on social and economic problems. To-day we see what our fathers did not see. This matter of Socialism is growing in all the colleges in the land.

"Corporations and the professions are eaten through and through in this land to-day with corruption and for God's sake face it. The man who seeks to buy his brother is a traitor, like Arnold, and the man who seeks to buy another is a slave, a damned slave."

"If any one doubts the fundamental antagonism between existing civilization and the teaching of Jesus," says Professor Herron, "let him read certain editorials in the New York Post, which is the ablest organ of the new Bourbonism and of the present order of things. These editorials are not exceptional in their tone, but are indeed fairly typical of the protests which abundantly issue from the public press, the political platform, the representative pulpit, the academic chair. Certain college professors, whose crime is that they have sought social justice through the applications of

Jesus' teachings to social conditions, are classified as 'offenders who must not escape.' These seekers are accused of inflaming the masses 'with passion to overthrow the courts,' to the end that they might place themselves where 'law cannot touch us'—that law which college professors told these poor men, many of them newcomers in America, was only a synonym for injustice. They have told the ignorant who looked up to them for instruction that Jesus Christ was an anarchist and that every good Christian nowadays should be the same, and sent away their audiences with murder in their hearts.

"We have said," continues this editorial, "that these men and their like have not been indicted and probably cannot be punished under any law on the statute book. Even if the statute book does not yet contain a penalty for such offenders, they can still be made to suffer. The power of public opinion can be brought to bear, and the indignation of the right-minded can be directed against them.

"The church for ages did excellent work in preaching content to the poor and unfortunate, for there was really no escape from their misery. These teachings have now been dropped, or fall on leaden ears. The new doctrine that no man should be content, that all should try to rise, has been converted into a proposition that all can rise, and that if anybody does not rise it is because somebody is keeping him down. Herein lies all the source of our woes. Anybody who goes about spreading this view is really an accessory before the fact to all anarchist crimes."

To the foregoing Prof. Herron responds:

"We are not here to preserve the existing order, but to establish the Christ order. 'The existing order of things,' said Judge Gaynor, in Brooklyn, not long ago, 'may be the worst possible order of things. The existing order of things crucified Jesus because He was a denouncer; and in this enlightened nation the existing order of things, even during the lifetime of us who are still called young, was that one human being might own another, and good men were mobbed for objecting to it. We owe all that we have to the steady advance of the human race against the compact mass who always cried out, and still cry out as lustily as ever, 'Don't disturb the existing order of things.'"

"You are told," said Mr. Gladstone, in a speech at Edinburgh, delivered on June 30, 1892, "that education, that enlightenment, that leisure, that high station, that political experience, are arrayed in the opposing camp, and I am sorry to say that I cannot deny it. I painfully reflect that in almost every one, if not in every one, of the greatest political controversies of the last fifty years, whether they affected the franchise, whether they affected commerce, whether they affected religion, whether they affected the bad and abominable institution of slavery, or what subject they touched, these leisured classes, these educated classes, these wealthy classes, these titled classes have been in the wrong."

In Detroit as in Buffalo, Toledo, Chicago and other cities, the careful observer will find abundant evidences of the fact that Socialistic sentiment is

growing in the United States. It is fostered and encouraged largely by clergymen, who believe that Christianity is failing to make perceptible progress among the masses, not because of any impeachment of the credibility of the Bible, as asserted by some pulpiteers, but because it has failed to emphasize what the Founder of Christianity said of Wealth, and because of its alleged failure to interest itself in the welfare and the social condition of the toilers of humanity.

During a recent visit to Detroit, I found the workingmen meeting in groups in the City Hall Square, of a Sunday, discussing Municipal and National Ownership, and denouncing Wealth generally in the same vigorous way that I heard them in Western cities give expression to their hostility to trusts, monopolies and men of large wealth, in 1896. I learned that some of the clergymen of Detroit were also advocating Municipal Ownership from their pulpits, sharply criticising Wealth, and charging it with being inimical to the welfare of the masses. Visiting the Simpson M. E. Church one Sunday morning and evening I heard the Rev. C. W. Blodgett on both occasions declare that he favored Municipal and National Ownership of public utilities, and heard him charge against Wealth oppression of the poor. At each service he addressed crowded houses. Among other things he said:

"What do these millionaires and corporations say to the complaints of the people? They say as a member of the Vanderbilt family once said—'The public be damned.'

"I am not going to defend Governor Pingree in

all he has done, but I tell you that in this matter of Municipal Ownership he is doing God's work.

"Oh, the meanness of some of these men of wealth. I know one of them who is a church member, and I do not wonder that one of his employes said to me, 'That man is the meanest man I ever knew. He goes to church and calls himself a Christian, yet when I had to lose an hour's time the other day he docked me 15 cents. I'm sick of such kind of Christians and I don't want to sit in church with them.'

"I am in favor of Municipal Ownership," Dr. Blodgett said, "because a government does things for permanency, and where honest methods are used under competent direction the laborer is better paid and better work is done than can be under the contract system.

"Private corporations handling public utilities are not easily amenable to the public will. They are in it for pelf and pelf they have. Every city that has under its municipal government control of the gas industry has given to the people better light and made money to reduce the general taxation.

"The power to grant any franchise at all is liable to abuse and leads to sins of bribery and corruption. Municipal Ownership would take away that great temptation. If Detroit owned her street railways we would have better aldermen and a better council. It is the key to this entire reform that the pulpit and the religious press is urging on the world.

"If the national government owned the railways there would be room for the employment of 2,000,000 at living wages, instead of 700,000 men

now employed by the railway corporations at poor wages."

Meeting Mr. Blodgett on the following day I asked him if there were other clergymen in Detroit who entertained views similar to his own and he responded:

"Yes. The Rev. Dr. Boynton, one of the ablest clergymen in this section of the country, a Congregationalist, preaches to a congregation in which there are many men of wealth, yet he boldly advocates Municipal Ownership and greater consideration for the poor at the hands of the wealthy. At the preachers' meeting, which I attended to-day, 95 per cent. favor Municipal Ownership of public utilities. I have found the same sentiment prevalent in Iowa, Illinois, Michigan and Ohio."

"Are you in accord with Professor Herron's views?" I asked.

"With much that he says. He is a grand man, and is exercising a great influence in the West. His books are read everywhere. The Christian Church has got to take up the fight for the masses; its religion must be practical as well as spiritual. Present social conditions must be changed by one of two methods—evolution or revolution. I have hoped that the change would come by evolution, and think it will when the practical common sense of the American people is through with abstruse theorizing. When this element of common sense in the American people crystallizes it ought to remedy existing evils. But in my judgment, if this remedy is not applied inside of the next ten

years—possibly five—the change will come by revolution. I believe that if Eugene V. Debs could have made his personality felt all over the country; if he could have visited and proclaimed his doctrine to every section of the country three or four years ago, there would have been a revolution. He is a wonderfully able and engaging speaker. Yes, it will be evolution or revolution."

VIII.

A SOCIALIST UNMASKS.

Ex-congressman Howard, of Alabama, tells the Cincinnati convention that government ownership of railroads, telegraph lines and trusts is of more importance than Free Silver—Socialism throwing off its political disguises and coming out in the open—The old Socialism and the new—Judge William J. Gaynor's protest.

Four years ago the writer, after having attended the National Democratic Convention at Chicago, and the Populistic Convention at St. Louis—after carefully questioning many of the delegates from various states to those gatherings, wrote to the Eagle that the movement culminating in the nomination of Bryan was at heart strongly Socialistic, and that the slogan of "Free Silver—16 to 1!" did not embody the dominant sentiment of those who had ranged themselves behind the standard of the young Nebraskan; that "War against Corporate Wealth!" would have more clearly expressed the sentiment dominating the conventions which nominated Bryan.

Four years have elapsed since that declaration was made, and now ex-Congressman H. W. Howard of Alabama, who was a prominent figure in the Populistic Convention of 1896, gives his testimony in confirmation of that which the writer had to say in the last Presidential campaign. At the National Convention of the Middle-of-the-Road Populists, opened at Cincinnati May 9, 1900, Mr.

Howard said in the course of a long address to the delegates:

"Right here I want to say that one of our great mistakes has been in accentuating our demand for the free coinage of silver to such an extent that the Democratic party took it up as their battle cry, and this produced confusion in our ranks when, in fact and in truth, it is one of the least of the reforms which we seek."

With equal truth, the ex-Congressman might have made the same statement concerning the majority of delegates who voted for Bryan at Chicago. The delegates at both conventions made free silver the dominant issue at the behest of Senator Jones and influential silver mine owners.

During the last year Mayor Jones, the Christian Socialist leader of Toledo, has repeatedly declared:

"It is no longer disreputable to be known as a Socialist."

That statement is undoubtedly accepted as a truth by many of our college professors, divines and public men, who are advocating the doctrines of the New Socialism, yet repudiate all fellowship with the anti-religious Socialistic school of which Lasalle and Karl Marx were leaders. That may be one of the reasons why ex-Congressman Howard takes a step beyond the proposed National Ownership of railroads and telegraphs, and boldly advocates Government Ownership of Trusts in the following words:

"Another great question, and one which has been met by almost every civilized nation of the

globe except this one, is the question of Government Ownership of railroads. Under Government Ownership the smallest shipper in the land receives the benefit of the same freight rate as the greatest trust. So long as we maintain our present system of private ownership of railroads the trusts will flourish, and when the railroads pass into the control of the Government we will have delivered trusts one of the most effective blows possible. Along with the Government Ownership of railroads should go the Government Ownership of telegraphs. The city should own its street car lines, its electric lights, gas and water works; in fact, all public utilities should belong to the people, instead of to the favored few.

"Still another great question which I have already suggested is the trust question. The trust has come to stay. It is an outgrowth of our industrial system. All talk of controlling the trusts is mere nonsense. When we attempt to legislate against the trusts they will take the next step in the process of evolution and become monopolies. What is to be done with the monopoly? Capital has realized what labor has not yet found out—that competition is not the life but the death of business. Therefore capital has ceased to compete, and is now doing the more wise and sensible thing of co-operating. I believe that whenever any line of industry becomes a monopoly there is only one solution possible, and that is for the Government control of the monopoly, to use and operate it for the benefit of all the people."

In the year 1875, the followers of Lasalle and

Karl Marx held a congress at Gotha, and adopted a platform of principles, beginning as follows:

"The emancipation of the working class demands the transformation of the instruments of labor into the common property of society, and the co-operative control of the total labor."

This platform also advocated a progressive income tax. In the course of his memorable speech, delivered while the platform of the Chicago convention was under discussion, Mr. Bryan said:

"The income tax is a just law. It simply intends to put the burdens of government justly upon the backs of the people. I am in favor of an income tax. When I find a man who is not willing to pay his share of the burden of government which protects him, I find a man who is unworthy to enjoy the blessings of a government like ours."

In presenting the utterances of Mr. Bryan and ex-Congressman Howard, and making clear the points of resemblance between the views of self-avowed Socialists and men who are actively engaged in American politics, the writer makes this exhibit simply as an observer, and not as one engaged in the controversy between the new Socialism and its opponents. But why not call a spade a spade when you see one? Why is it that men who are advocating Socialistic ideas and have taken them bodily from Socialists, insist that they are purely Democratic, Republican or Populistic? Probably because Socialism in this country is identified in the public mind with the acts of the agitators who were executed in Chicago, and with the doctrines of the blatant Most, who was made to wear prison stripes. Yet there is not a candid Professor of Sociology in

all the land, not a solitary student of social, industrial and political conditions who will not admit that the New Socialism has been making great strides in the United States since 1896. And Democrats, Republicans, Populists, who are advocating ownership of railroads, telegraphs, Trusts and all public utilities, would make the same concession if they were as honest and frank as this Christian Socialist, Mayor Jones, or that more eminent figure, Herbert Spencer.

On July 14, 1896, Judge William J. Gaynor of the Supreme Court of the State of New York, wrote a letter to Almet F. Jenks, now of the Appellate Division of the Supreme Court, in which he made the following protest against the cry of "Anarchist!"

"It is a time for moral courage. I could not express to you all I feel, but depend upon it, in this hour of weakness, hesitation and desertion, the great mind and heart of the unselfish, intelligent people are not faltering. Though mazes of sophistry and masses of immaterial fact and fiction their aggregate intelligence, made up by the graduates of colleges and common school, sees with sound vision, and though some things may not be shaped in platform declaration" (the Chicago platform) "as they would have them, nevertheless they see and understand the main purpose and are steadfast to it.

"Their ranks are not disordered by this shameless cry of Anarchist and Socialist which is being thrown into their faces, and which is about all that can be heard from certain quarters which might

prudently refrain from such vicious epithets. Such free use of them is likely to provoke the inquiry whether, for instance, the comparatively few who have in a generation or less amassed, and who are now amassing, vast inflated fortunes out of the public by the issue of untold millions of fraudulent bonds and stocks upon public privileges and franchises, to pay interest and dividends upon which a proportionate tribute is levied upon nearly every community in this country—whether they are not the Anarchists, the endangerers of our institutions and social order, instead of those who think it wholesome and wise that such a state of things and the unrest and demoralization caused by it should not continue.

"There is no jealousy against wealth in this country. On the contrary, those who accumulate wealth, however great, in any legitimate calling, professional, mechanical, agricultural, mercantile or other, are subjects of emulation and honor. This is true of every locality. It is wealth got by this means and by that, by trick and device, out of the public by means of public franchises, and of laws devised for the aggrandizement of the few at the expense of the many, which is under the ban of the splendid intelligence and moral sense of the people of this country."

Summing up the results of his inquiries and observations in several states, recalling his interviews with leaders of the movement against Trusts, and reviewing the declarations of various delegates to national conventions in which one form of Capital

was fiercely denounced, the writer of these lines must add his testimony to that of the Supreme Court Judge who declares that there is no widespread jealousy of Wealth honestly acquired. As true to-day as it was in 1896, is this keen judicial observer's declaration.

IX.

POETRY IN POLITICS.

The new Socialistic movement has a poetess, Mrs. Charlotte Perkins Stetson, the great granddaughter of Lyman Beecher and grand-niece of Henry Ward Beecher—Assistance rendered by her in the preaching of "The twentieth century religion"—Analysis of "The new religion" by Benjamin Fay Mills.

"Public or political morality, even more than what we call individual and social morality, is destroyed by the economic system. If any text were needed for this proposition it was furnished the other day by Mr. Charles T. Root, representing the Merchants' Association of New York City, at a meeting of vast financial interests in Chicago. His address, as reported by the Times-Herald of October 6, 1898, began with this very candid and solemn thesis:

"The commercial element in this country shall have its rightful due, and that due is nothing more nor less than a preponderating influence in national and state legislation."

"The political corruption of which we complain is simply the overflow of the business corruption by which the 'commercial element' gains and maintains this 'preponderating influence.' Political corruption is an integral part of the present Business system. In fact, political bribery, both direct and indirect, is the foundation upon which industry and commerce now rest. Behind every political 'ring' you may find the private owners of public franchises."—Professor GEORGE D. HERRON.

Writing from the other side of the Atlantic concerning Social Evolution, Benjamin Kidd declared a few years ago that "the evolution which is slowly proceeding in human society is not primarily intellectual, but religious in character." Much in verification of this statement may be found by a careful study of sociological conditions in the United States. The men and women who are most prominent to-day in the agitation of social questions point to the Founder of Christianity as their model of leadership, and to His teachings as the groundwork of their doctrines. They are as vigorous in the promulgation of their views and as intense in devotion to them as were William Lloyd Garrison,

Wendell Phillips and the old school Abolitionists to the principles which they maintained in their war against Slavery. And so, whether one agrees with or dissents from these new Socialistic doctrines, a study of those proclaiming them becomes obligatory upon all who would be well informed.

In the work of educating his constituents to the support of his views as an avowed Christian Socialist, Mayor Jones of Toledo appealed for assistance to the chiefs of the new school to whose doctrines he had given his adherence. And they responded in person. From time to time, Professor Herron, Henry D. Lloyd, Mrs. Charlotte Perkins Stetson and others, leaders in the War against Wealth, appeared in Toledo, upon the invitation of the Mayor, to deliver addresses in his Golden Rule Park during summer months, or in a public hall in winter. In these addresses the argument for Municipal Ownership, the brotherhood of man, the corruptions of politics, the arraignment of Wealth were presented and discussed from the standpoint of those who are recognized as the foremost advocates of a radical change in the existing order of society. In Toledo, as elsewhere, Mrs. Stetson was recognized as the Poetess of the Twentieth Century Religion, as the new movement was originally characterized by Benjamin Fay Mills.

Mrs. Charlotte Perkins Stetson was born in Hartford, Conn., the great-granddaughter of Lyman Beecher, and grand niece of Henry Ward Beecher and Harriet Beecher Stowe. Her young womanhood was devoted to teaching, and even in

her girlish days she gave evidence of literary ability. Removing to California after her marriage, Mrs. Stetson became the writer of poetry, a lecturer on social questions and the owner of a weekly paper in San Francisco. It was her expressed hope to do for labor what Harriet Beecher Stowe had done for the slave. In the circles of labor Mrs. Stetson won esteem and popularity. The gold medal of the Alameda County Trades and Labor Union was awarded to her for an essay on "Labor Measures." She has lectured with success throughout the East and West and in Great Britain. She has lived in the Social Settlements of Chicago and written of their work, and devoted much of her time to the building up of various clubs for women. An admirer says of the poetess:

"Mrs. Stetson is that rarest of persons, a reformer with a sense of humor; a preacher who is never dull, and a satirist who is still essentially a poet."

Here is one of Mrs. Stetson's effusions, entitled "Similar Cases," which is very popular among the advocates of the Twentieth Century Religion, for it is regarded as an answer to those who refuse to believe that an evolution in society is progressing. The poetess begins by describing the evolution and aspirations of one of the lower types of animals:

There was once a little animal, no bigger than a fox,
 And on five toes he scampered over Tertiary rocks.
 They called him Eohippus, and they called him very small,
 And they thought him of no value when they thought of
 of him at all.
 For the lumpish Dinoceras and Coryphodont so slow
 Were the heavy aristocracy in days of long ago.

Said the little Eohippus: "I am going to be a horse!
 And on my middle-finger-nails to run my earthly course!
 I'm going to have a flowing tail! I'm going to have a
 mane!
 I'm going to stand fourteen hands high on the Psychozoic
 plain!"
 The Coryphodont was horrified, the Dinoceras shocked;
 And they chased young Eohippus, but he skipped away
 and mocked.
 Then they laughed enormous laughter, and they groaned
 enormous groans,
 And they bade young Eohippus "go and view his father's
 bones!"
 Said they: "You always were as low and small as now
 we see.
 And therefore it is evident you're always going to be!"
 "What! Be a great, tall, handsome beast with hoofs to
 gallop on!
 Why, you'd have to change your nature!" said the Loxo-
 lophodon.
 Then they fancied him disposed of, and retired with gait
 serene;
 That was the way they argued in "the Early Eocene."

Next is described the evolution of the Anthropoid
 Ape, his critics, his transition to a higher type of
 animal life:

There was once an Anthropoidal Ape, far smarter than the
 rest,
 And everything that they could do he always did the best;
 So they naturally disliked him and they gave him
 shoulders cool,
 And, when they had to mention him, they said he was a
 fool.
 Cried this pretentious ape one day, "I'm going to be a
 Man!
 And stand upright, and hunt and fight, and conquer all I
 can!
 I'm going to cut down forest trees to make my houses
 higher!
 I'm going to kill the Mastodon! I'm going to make a
 Fire!"
 Loud screamed the Anthropoidal Apes with laughter wild
 and gay,
 Then tried to catch that boastful one, but he always got
 away.

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So they yelled at him in chorus, which he minded not a
whit,
And they pelted him with cocoanuts, which didn't seem to
hit.
And then they gave him reasons which they thought of
much avail
To prove how his preposterous attempt was sure to fail.
Said the sages: "In the first place, the thing cannot be
done!
And second, if it could be, it would not be any fun!
And third and most conclusive, and admitting no reply,
You would have to change your nature. We should like
to see you try!"
They chuckled then triumphantly, those lean and hairy
shapes;
For these things passed as arguments—with the Anthro-
poidal Apes!

Mrs. Stetson concludes with the aspirations of
the Neolithic Man and the objections raised against
them, in this way satirizing the arguments raised
against the preachings of the Twentieth Century
religion:

There was once a Neolithic Man, an enterprising wight,
Who made his simple implements unusually bright.
Unusually clever he, unusually brave,
And he sketched delightful mammoths on the borders of
his cave.
To his Neolithic neighbors, who were startled and sur-
prised,
Said he: "My friends, in course of time, we shall be
civilized!
We are going to live in Cities and build churches and
make laws!
We are going to eat three times a day without the natural
cause!
We're going to turn life upside-down about a thing called
Gold!
We are going to want the earth and take, as much as we
can hold!
We're going to wear a pile of stuff outside our proper
skins;
We are going to have Diseases! and Accomplishments! !
and Sins! ! !
And then they all rose up in fury against their boastful
friend;
For prehistoric patience comes quickly to an end.

Said one: "This is chimerical! Utopian! Absurd!"
 Said another: "What a stupid life! Too dull, upon my word!"
 Cried all: "Before such things can come, you idiotic child,
 You must alter Human Nature!" and they all sat back and smiled.
 Thought they: "An answer to that last will be hard to find!"
 It was a clinching argument—to the Neolithic Mind!

In the East, as well as in the West, the new religionists who have entered the field of politics are promulgating their doctrines. In Boston they have been warmly welcomed. From a Brooklyn woman of culture, prominent because of the public interest she has manifested in sociological questions and her efforts to awaken in society an interest in the great social problems of the day, comes this message:

"You are quite right in saying that the movement you are discussing is rooted in religious feeling and partakes of its fervor and tenacity. Mrs. Charlotte Perkins Stetson possibly expresses its sentiments as well as anyone when she says in her lines, "To a Good Many":

You have new power, new consciousness, new sight.
 You can help God! You stand in the great light
 Of seeing Him at work. You can go on
 And walk with Him and feel the glory won.
 Help make the state more like God's dwelling place.
 New paths for life divine as you untrod;
 A social body for the soul of God.

In Boston, last winter, and up to a recent date, Benjamin Fay Mills and his wife delivered a series of addresses descriptive of the Twentieth Century

Religion. The following extracts from an address on "The New Party" are offered in corroboration of the statement that Religion has entered the field of American politics. At the outset Mr. Mills expressed his dissatisfaction with both great political parties:

"The Republican party is drunk with wealth and power; possessing few convictions that are not born of selfishness; haughty, arrogant, corrupt; bound by the lowest traditions and disregarding the highest ones; descending to infamy in order to retain power; hypnotizing some people and throttling others by money and intimidation; the slave of the rich and the enemy of the toiler; and yet, in moments of lucidity caused by the shock of sudden reverse, from the fear of being robbed of its spoils, making frantic efforts to lull the people to sleep by administering the soothing syrup of grotesque and puerile attempts at pseudo-reformation.

"In our greatest state it elects as Governor an honest man by the will of one of the most un-American men in America! In the next most important state—after seemingly conclusive proof of his criminal conduct—it bows its neck to the yoke of another unhung boss; and in the highest national places it puts men in power for unholy political reasons, who, willingly or unwillingly, tolerate the meanest frauds and permit the cruel, unpunished murder of American soldiers at the hands of their own countrymen!"

"The Democratic party it is impossible at present to define or characterize. We do not know whether it is in the agonies of dissolution or undergoing regeneration. It has always been nearer the heart

of the mass of the people than its adversary. Whatever we may think of the currency question, I pity the man who does not recognize the moral quality in the mighty enthusiasm of the Chicago convention; the first large national body to be moved in such fashion since the abolition of slavery. I know the utter venality of many of its former leaders, and the unspeakable corrupt methods by which it has gained many of its victories; but I am not sure but that its moral choice of 1896—whether wise or unwise—makes possible such a thorough regeneration and reorganization as may fit it to become the leader of the hosts of the coming commonwealth.

“I have not the heart to speak as severely as I might of the so-called Democracy, while the organization lies bleeding from its recent disruptions; but it certainly will require a seriously different medicine from bichloride of silver to effect a cure! And even if this might be, it would be so altered as to be recognizable only in its deep sympathy for the people, as people, and in its historic name—which certainly would be an appropriate title for the New Party.”

Mr. Mills does not see anything in the future for the Prohibitionists or the Populists; the Socialist-Labor Party he declares to be “without soul” intolerant of other agencies working toward similar ends instead of co-operating with them as far as possible. After enumerating all the social reforms which the New Party will advocate, which cannot be mentioned in detail because of lack of space, Mr. Mills says:

"The New Party will have the brain and culture of the best of the Republicans, without the demoralizing selfishness of the others. It will have the oneness with the people and sensitiveness to their will of the Democrats, without their venality. It will possess the almost sublime determination of the Prohibitionists, without their limitations. It will be inspired by the broad sympathies and visions of the Populists, without being embarrassed by their earlier characteristics and their later mistakes and compromises. It may appreciate the great programme and greater devotion of the Socialist Labor party, without its bitterness, and the purpose and spirit of the Social Democrats, with the wisest leadership and the most statesmanlike methods.

"And finally this is to be a truly Religious Party. The New Religion and the New Politics are to be one. And in the divine fellowship of humanity and the ministry of the nation to all the other nations of the world will be discovered the great religious inspiration for which the world is now groaning and travailing in pain. Such a nation will regard itself as the brother of all others and endeavor to lead the world by its service and sacrifice into the same holy fellowship."

X.

GOLDEN RULE POLITICS.

The platform of Mayor Jones, of Toledo—"The Decalogue and the Golden Rule," says Gov. Roosevelt, "are, after all, the two guides to conduct upon which we should base our actions in political affairs."

When Samuel M. Jones, the Christian Socialist, became Mayor of Toledo, O., he announced that his policy in politics and in the administration of his office would be based upon the Golden Rule. He has repeatedly declared that the adoption of the Golden Rule in politics will do more in the way of reforming the world than anything that has ever been embodied in political platforms or any of the utterances of statesmen. In one of his notable letters commending the Golden Rule as a panacea for the ills of society, Mayor Jones said:

"Let us have a system in which every man will have just what he earns, and nothing more—a fair play, Golden Rule system; and twenty-five years of that sort of a system would relegate all of our prisons, jails and almshouses to the domain of relics of a hideous past. Social systems, like individuals, may be known by their fruits. Men do not gather grapes from thorns, nor figs from thistles. Our million of paupers, tramps and criminals are not the result of chance or accident; they are the legitimate fruit of our un-Christian social system. As long as the system continues we may expect the fruit."

American politicians generally would probably do no more than smile if their attention should be directed to Mayor Jones' advocacy of the Golden Rule in politics, but they may feel like pinching themselves and rubbing their eyes to learn if they are really awake when they find a self-confessed believer in practical politics, like Theodore Roosevelt, saying practically the same thing that Jones has said to the amusement of men in pursuit of the spoils of office. For nothing more absurd or Utopian, nothing more violently in conflict with the present political system than the Golden Rule could be presented to the average politician. The fact that the Governor of the great State of New York does agree with Jones in the belief that the Sermon on the Mount furnishes a safe rule for guidance in public affairs will surprise more than the politicians, and doubtless be regarded as fresh evidence of the growth of Christian Socialism.

At Buffalo, on May 14, 1899, Governor Roosevelt delivered a speech on "Property, Its Use and Abuse," at the dinner of the Independent Club. In the course of his remarks the Governor decried intemperate denunciations of corporate wealth, while admitting the existence of corrupt corporations. In the following language he took his place by the side of the Christian Socialist, Jones:

"Now, of course a great deal of what I have to say must be about the right. All of the great truths up to which we try to act are comprehended in the right. I certainly have not found any new principle of importance in public life, and so far as I

have been able to get I have become a more and more convinced believer in the doctrine enunciated a few years ago by a then eminent statesman, that, after all, the Decalogue and the Golden Rule are the two guides to conduct upon which we should base our actions in political affairs."

The Decalogue and the Golden Rule as "guides to conduct in political affairs!" That is indeed a new sentiment in practical politics, significant and impressive when taken in connection with the facts concerning the spread of Christian Socialism in the United States.

Perhaps the Governor himself will be surprised to find that he is not only repeating the sentiments expressed again and again by Mayor Jones, but also by Professor Herron, the leader of Christian Socialism in the West, who said the notion that the union of religion and politics can only be evil is as morally insane as the notion that only evil can come from the union of God and man, and added:

"The man who professes Christ in the prayer meeting, or in his creed, and then denies the practicability of the Sermon on the Mount as industrial law is both a hypocrite and an atheist. If Christianity cannot be applied to the actual life of man, if the Golden Rule cannot be practiced in the market, * * * then God has not spoken the truth and revealed His life in Jesus Christ."

Governor Roosevelt made other declarations in his Buffalo speech which indicate clearly that he

was thinking along the lines marked out by the Christian Socialist. For instance, he said:

"If there is one thing which I should like to eradicate from the character of any American it is the dreadful practice of paying a certain mean admiration and homage to the man who, whether in business or politics, achieves success at the cost of sacrificing all those principles for the lack of which, in the eye of any righteous man, no possible achievement of such success can in any way compensate."

That is a Christian Socialist sentiment conservatively expressed. Here is the same sentiment at heart more vigorously delivered by Professor Heron:

"The priests who accompanied the pirate ships of the Sixteenth Century to say mass and pray for the souls of the dead pirates for a share of the spoil, were not a whit more superstitious or guilty of human blood, according to the light of their teaching, than Protestant leaders who flatter the ghastly philanthropy of men who have heaped their colossal fortunes upon the bodies of their brothers. Their fortunes are the proudest temples of the most defiant idolatry that has ever corrupted the worship of the living God. Their philanthropy is the greatest peril that confronts and deceives and endangers the life of the church, and thinks to bribe the judgments of God and deceive the Holy Ghost."

The Christian Socialists have declared repeatedly that society must be purged of its evils by "Evolution or Revolution"; they are delivering ominous

warnings of possible dark days near at hand in the history of this country. These warnings have been characterized as the harmless vaporings of fanatical minds by those who profess to see in the spread of Christian Socialism nothing worthy of serious thought. The character of these "vaporings" is shown by the following utterances from the prophet of Christian Socialism, Professor Herron:

"Revolution of some sort is not far off. The social change will bring forth either the revolution of love or the tragedy and woe of a leadership inspired by a love of revolution. Either a revival of love, an outpouring of love through the Messianic fellowship of some vast social sacrifice, or a universal French Revolution will come."

"If we reformers can find no basis of agreement as to what is to be done, while the industry and the moral well-being of the entire nation are massacred by a single trust, then Nero fiddling while Rome burned is a paragon of innocence in comparison with ourselves. If we can do nothing to save the people unless we can save them with the terms of our own particular programmes, or until some day of dreadful judgment forces us together, then the fury of that reckoning may tear all our programmes to shreds, and the people be saved by fire and by suffering unspeakable."

The foregoing may be treated with derision, but practically the same sentiments expressed by the Governor of New York may be deemed worthy of grave consideration. For at Buffalo Governor Roosevelt said last year with all the earnestness at his command:

"Oh, if I could only impress upon you; if I only

had the eloquence and power of enforcing convictions upon you, to make you understand the two sides of the question—not understand them; you may do that in theory now—but to make you realize them, the two sides; that the rich man who buys a privilege from a Board of Aldermen for a railway which he represents, the rich man who gets a privilege through the Legislature by bribery and corruption for any corporation—that that man is committing an offense against the community which it is possible may some day have to be condoned for in blood and destruction, not by him, not by his sons, but by you and your sons!"

XI.

SOCIALISM'S NEW GARB.

No longer the Marxite creed, but the promotion of social and economic reforms in the name of "Christian Socialism"—Significant evolution in Germany, Switzerland, Holland and Russia—The Pope himself seems to have foreseen these unexpected phenomena.

There can be no doubt, as will be shown even more clearly in the articles devoted to Municipal Ownership which follow, that Christian Socialists have entered the field of American politics, and that Socialism has assumed an entirely new aspect in America—in fact that it is being preached as a Religion.

From abroad comes the information that in Europe also Socialism has taken on the new garb. And this word comes from Rome, where trained observers of the affairs of the world have been deeply impressed by Socialism's latest claim to public attention. To those who have noted the progress of the new Socialism in the United States as described in my previous letters, the following statement made by a distinguished clerical correspondent of the New York Sun and printed in the news columns of that influential and enterprising newspaper May 14 will prove interesting, instructive and significant:

"Rome, April 15, 1899.—The Pope has been much struck by the radical evolution that Socialism

is going through in Germany. The extraordinary conversion of Marxism into a great party of social reform seems on the point of spreading through Europe. At the last workingmen's congress at Lucerne, for instance, one of the leaders of the old Swiss Marxism, M. Greulich, preached on the imperative need of transformation. 'I am an old Marxite,' he cried, 'but coming into contact with facts I have felt that Marxism does not stand the test of experience. Let us be men, not of revolution, but of reform.'

"The Dutch Socialism describes the same curve. Lately, at Leeuwarden, the capital of Friesland—Friesland is the paradise of Dutch Socialism—the fifth congress was held of the party, which, as is well known, won four seats at the last elections and has increased from 2,383 votes to 6,977. Ninety-one delegates, representing fifty-five associations, with a membership of 2,500, were present. These Socialists no longer discuss the Marxite creed, neither the scientific nor the historic parts of it. What interests them is the reform economic platform. No comment is needed.

"If this evolution takes place at all along the line—and it seems from the favor with which M. Millerand greets the ideas of M. Charles Benoist that French Socialism is also capable of putting on a new dress—we run the great danger of seeing the peasants, the artisans and the shopkeepers entering the Socialistic organization. While the governments and the old parties oppose to democracy the last forces of the status quo and of liberalism, Socialism avoids the conflict, makes a side evolution and gathers in the humble, the poor and the injured,

as Dostojewski calls them, by a magnificent round-about movement.

"Leo XIII seems to have foreseen these unexpected phenomena. If the States and the Catholics do not follow the principles and practice of Christian democracy we do not see how Socialism can be prevented from turning the sheaves of humanity into its barns.

"INNOMINATO."

It is evident that socialism is entering upon a new stage. In this country the Rev. Father Ducey and the Rev. Dr. McGlynn are the only prominent Roman Catholic ecclesiastics who have been suspected of sympathy, because of their pulpit utterances, with the aims of the Christian Socialists, the leaders of the latter being mainly Protestant clergymen and college professors. Yet in the new Socialistic movement there are undoubtedly many Roman Catholic laymen.

From Russia comes the official statement that the Nihilists are losing favor with the workingmen; that the toilers are turning from Krapotkin and Bakunin to the Social Democrats of Germany for guidance. The Russian workingman is beginning to think that organization and not the bomb and dagger is to be the force which will best serve his interests. The Russian workingmen are turning from revolutionary doctrines to organization. In a report on this matter made by the Moscow chief of police, first printed in the *Arbeiter Zeitung* of Vienna and subsequently reprinted in the *London*

Times, it appears that Russian workingmen are already organizing on the German Socialistic lines of combination. The Chicago Times-Herald, which has devoted considerable attention to this new movement, says, in the course of a thoughtful editorial:

"The chief of police of Moscow is much perplexed by the phenomenon. He fears, and with reason, that it is going to be a serious task to discriminate between the one class and the other. The process of combination will conduce to independence of thought and prepare the way for political union. Every workingman may thus become a Socialist at heart while he is ostensibly seeking nothing more than a wage concession from his employer."

The closing paragraph foreshadows what may happen in our own land on a larger scale. Not only the workingmen but members of the middle class may become either Christian Socialists at heart or their allies, while ostensibly seeking nothing more than certain concessions from corporate wealth.

PART TWO.

PUBLIC OWNERSHIP OF PUBLIC UTILITIES.

I.

DR. LYMAN ABBOTT'S WARNING.

Wealthy men must distribute their surplus or "the providence of God will deprive them of a trust which they lack either the fidelity or the capacity to administer"—The rich are invited to convince the public that they are of any real social use before it is too late—Municipal Ownership commended—He seems closely in touch with avowed Socialism.

At every step taken by the student of the Municipal Ownership movement in this country he is confronted by the familiar figure of some well-known clergyman, by evidences that the movement owes much of its force to the support given to it by Christian ministers, who regard Municipal Ownership merely as an incidental step in the direction of greater things desired. This statement is as true concerning the East as it is of the West. For instance, one cannot study the new movement in this section of the country without coming face to face with the Rev. Dr. Lyman Abbott. But unlike the Christian Socialists, who have entered the field of politics, Dr. Abbott does not denounce Wealth as being simply another name for Sin; on the contrary,

he speaks of it in a kindly way, and to it in words of friendly admonition instead of invective.

In his book on "Christianity and Social Problems," Dr. Abbott says:

"In my judgment it is indispensable to national welfare that the nation should exercise a control over the great interstate lines of railroads, while the peril to a Federal system involved in Governmental Ownership appears to me a serious if not an insuperable obstacle. On the other hand, the sooner our cities own the city lines of railroads the better both for the convenience of the people and the purity of our municipal governments."

The doctor declares that the really great movement of this Nineteenth Century is a movement to add fraternity to liberty in the realm of religion, and adds:

"The movement may be just as clearly traced in government. Democracy no longer believes in what has well been called the night watchman theory. It rejects the aphorism that the sole function of government is to govern; that its sole duty is to protect one community against another community. By government we protect and promote manufactures. By government we aid with subsidies railroads and canals, and various public enterprises. By government we educate the children of the commonwealth in all the elements that are necessary to citizenship, and in many of the states maintain universities of the higher grade. By government we establish parks for public playgrounds. By government we supply our houses

with water and light and are beginning to provide our cities with transportation.

"In Great Britain government takes care of the savings of the poor, regulates the rates of rent between landlord and tenant, erects buildings and rents them to the poor, regulates by law the conditions and hours of labor. In Germany government provides for the workingman insurance against sickness, death and old age. In Switzerland government manages express business; in Austria it owns and operates the railroads, and these are only a part of the functions on which government is entering."

Scripture is quoted by the Doctor to show that the biblical condemnations of the vice of acquisitiveness imply by their phraseology that there is "a legitimate acquisition and a noble use of wealth," but he utters these words of warning to the rich (the quotation is from the Doctor's book):

"There is only one way in which men can justify their existence in the community. It is by using, in the administration of their trust for the public, the capacities with which they have been endowed and by which they have acquired the wealth which it is their duty to distribute. Those of us whose surplus is not large or who have none at all, must frankly recognize the difficulty of the task which his exceptional position lays upon the man of wealth. It is almost impossible to give money to the individual without danger of pauperizing the individual; it is not easy to give money to

the community without danger of pauperizing the community.

"But if the men whose abilities have enabled them to accumulate wealth have not also the ability to distribute it wisely, a democratic age will find a way to distribute that surplus by democratic methods, which is only another way of saying that the providence of God will deprive them of a trust which they lack either the fidelity or the capacity to administer."

The relations which Dr. Abbott sustains to Christian Socialism may be indicated by his announcement in the book from which I have quoted that he concurs with Frederic Harrison in both the opinions which the latter expresses in the following significant paragraphs:

"My own creed, on which this is not the time or place to enlarge, teaches me that in our industrial age all wealth is really the product of thousands working together in ways of which they are not conscious, and with complex and subtle relations that no analysis can apportion. The rich man is simply the man who has managed to put himself at the end of the long chain, or into the center of an intricate convulsion, and whom society and law suffer to retain the joint product conditionally; partly because it is impossible to apportion the just shares of the co-operators and partly because it is the common interest that the product should be kept in a mass and freely used for the public good. But this personal appropriation of wealth is a social convention, and purely conditional on its proving to be convenient. The great problem which the next century will have seriously to take in hand and finally solve is this:

"Are rich men likely to prove of any real social use, or will it be better for society to abolish the institution?"

"For my own part, I see many ways in which they can be of use, and I earnestly invite them to convince the public of this before it is too late."

There you have the views of a distinguished clergyman who is not likely to suffer at the hands of Wealth, yet deems it a duty to issue a warning in behalf of humanity.

Here that the reader may see how closely in touch Dr. Abbott is with avowed Socialism, is submitted an extract from an address delivered at the Chicago Conference on Trusts, last year, by the late Laurence Gronlund, the former Socialistic editor of a widely circulated daily newspaper of New York City, the extract being taken from the report published by the Civic Federation of Chicago:

"While public control of what is now strictly private business should be merely the ideal for the next century, and not be attempted until its close, there is some business that should immediately be entered upon. That is the so-called public utilities, such as Municipal Ownership and management of water works, of course, of street transportation in every form, of gas works and electric power works. These may not be trusts yet—only large enterprises. But in Brooklyn we find surface and elevated railroads already a trust, and in Manhattan they will soon be that. It would be highly desirable and the best thing for itself if the new democracy would in its next National platform incorporate a plank demanding Municipal Control. Nothing would so much convince our people of the blessings of public control, and prove to them that government can do business as well, and even better, than private parties, as such an object-lesson. But here we have a suggestion to make. It is that the state should have more to say than it now has in municipal enterprises. For them to succeed, they must be under-

taken, not with a view to giving labor employment, but with the object of furnishing the best and cheapest water, light and transportation. This the state can effect better than the city. Hence the cry of 'local self-government' is wrong. Capitalists might just as properly demand that the legislature shall grant the stockholders of a railroad 'self-government free from state interference.' The city is a creation of the sovereign state, and when a charter is granted it should safeguard state interests to the same extent that is supposed to be done in granting a charter for a railroad. We say that the state should exercise oversight and have final control, simply because it at least is one step further removed from local pressure, and hence will dare and be able to do things that the local authorities will not dare even attempt.

"Then there are public utilities that come under the jurisdiction of the Nation which will furnish splendid opportunities for curbing the trusts. We should have a National express system, to which the late convention with Germany ought to give a great impulse, a National telegraph, National banks of deposit (postal savings banks) and National banks of loans from the funds thus accumulated, and finally National control of railroads. We do at present advocate National ownership and management of these latter; this might as yet be too big a mouthful to digest, but National control of railroad fares and freight rates—this is perfectly practicable, and has been several times recommended to Congress. It would with one stroke abolish the unjust discrimination, both between localities and between shippers, which the interstate commission

has been unable to effect. If trusts should ever dare to raise prices, such a National control of freight rates will immediately bring them to their senses. It is perfectly practicable, we contend. Through a committee of Congress it is just as easy to establish schedules of fares and freight rates on all our railroads, and to enforce them, as through the Committee on Ways and Means to establish schedules of duties on imports and to enforce them, as is now done.

"This is a practical way, and, we think, a far-seeing way to utilize the trusts for the public welfare, while to attempt to crush the trusts, we repeat, is simply the notion of the damagogues."

II.

MUNICIPAL IMPERFECTIONS.

Municipal Ownership movement has its source in Socialism—One great problem confronting its advocates is the inefficiency, extravagance and corruption of municipal administration—"Kicking and cuffing spoilsmen into the gutter ad libitum" not wholly a reformatory idea—Prof. Bemis, Dr. Shaw and Henry D. Lloyd quoted—The failure of Philadelphia's ownership of its gas plant.

"There is no denying that the government of cities is the one conspicuous failure of the United States. The deficiencies of the national government tell but little for evil on the welfare of the people. The faults of the state governments are insignificant compared with the extravagance, corruption and mismanagement which mark the administrations of most of the great cities, for these evils are not confined to one or two cities. In New York they have revealed themselves on the largest scale. They are 'gross as a mountain and palpable.' But there is not a city with a population exceeding 200,000 where the poison germs have not sprung into a vigorous life; and in some of the smaller ones, down to 70,000, it needs no microscope to note the results of their growth. Even in cities of the third rank similar phenomena may be observed."—JAMES BRYCE in the American Commonwealth.

It is undoubtedly true that many well meaning and upright citizens are advocates of Municipal Ownership of gas, electric light, railroad and telephone plants—citizens who would indignantly resent the charge of being Socialists; yet that does not alter the fact that the Municipal Ownership movement is at heart Socialistic. The Christian Socialist leader of the West, Professor Herron, and his followers candidly concede that in the event of the triumph of the Municipal Ownership idea the next step to be taken must be in the direction of the acquisition by the national government of railroads, telegraph lines and "other public utilities."

"Public ownership of the sources and means of production is the sole answer to the social question,

and the sole basis of spiritual liberty," Professor Herron declares.

With no regard whatever for such religious beliefs as are entertained by Herron and his fellow Christian Socialists, Frederick Engels, the German Socialist, says in "Socialism, Utopian and Scientific," a publication which has had wide circulation in Europe:

"With the seizure of the means of production by Society, production of commodities is done away with, and, simultaneously the mastery of the product over the producer. Anarchy in social production is replaced by definite, systematic organization. The struggle for individual existence disappears. Then for the first time, man, in a certain sense, is finally marked off from the rest of the animal kingdom, and emerges from mere animal conditions of existence into really human ones. The whole sphere of the conditions which environ man, and which have hitherto ruled man, now comes under the domain and control of man, who, for the first time, becomes the real conscious lord of Nature, because he has now become master of his own social organization. It is the ascent of man from the kingdom of necessity to the kingdom of freedom."

So it would seem that the German Socialist and the American Christian Socialist agree as to Public Ownership.

Socialism and Municipal and National Ownership are moving forward hand in hand in the West. If the evidence already submitted in support of this

statement is not deemed conclusive, read the utterances of Mayor Jones of Toledo, the high priest of Christian Socialism. In an address delivered before the League of American Municipalities, at Detroit, the Mayor said, among other things:

"The imperative demand of this hour upon us is that we shall set ourselves to the task of so changing our system that through the medium of Public Ownership the wealth of the people may again come into the hands of those who have produced it, and the realization of the dreams of our forefathers shall be fulfilled and we shall have the perfected republic in which every man shall be secure in the possession of the fruit of the labor in his hands.

"Through Public Ownership the Municipality, the State, the Nation may find a means of expressing its love for the people.

"The movement for Public Ownership is Government seeking the good of all as against the individual who seeks only his own good. It is the casting down of idols and the lifting up of ideals. It is dethroning the millionaires and exalting the millions."

The leaders of the new Socialism in the West, Mayor Jones of Toledo, Professor Herron, Professor Bemis and the professors of sociology in various halls of learning who are preaching Municipal and National Ownership, have seemingly fallen into some confusion of mind in their attempts to grapple with the main objection to the ownership of public utilities by cities, viz., the "extravagance, corruption and mismanagement which mark the adminis-

tration of most of the great cities of the United States." It is generally conceded by these professors and chief spokesmen for Municipal Ownership that the administrations of most of our cities are not conducted on business principles that they are inefficient, more often dishonest, and controlled by men who are in politics for what they can make out of it. The way in which these preachers of the new Socialism approach the consideration of manifest evils which demand practical and drastic treatment appears grotesque. For the first problem that confronts them they do not seem able to present an adequate solution.

In a paper on "Municipal Lighting," contributed to Professor Bemis' book, "Municipal Monopolies," John R. Commons, former Professor of Sociology, Syracuse University, frankly says:

"It must be confessed that the legal organization of our municipalities is not yet perfected for the espousal of Public Ownership on a large scale.

"Wherever the spoils system and corruption exist we may expect to find the Aldermen in control."

Professor Bemis says:

"The greatest advantage of Municipal Ownership is its tendencies to relieve communities from corrupting relations with men of wealth. Some believe that merely the form of corruption would be changed thereby; that, instead of the corruption of the city council by franchise-seeking corporations, there would come the corruption of the spoils system."

How would this wise professor of Kansas economics deal with the corruption of a city council,

not an uncommon occurrence, by the way? He answers:

"Even if this should at first prove true, the spoils-men can be kicked and cuffed about in the gutter ad libitum, and without the slightest danger to one's social or business position. In fact, it is becoming almost the fashionable thing to express disgust at the political office seeker."

In support of his contention that even a corrupt or weak municipal administration could more safely be intrusted with the management of public utilities than a private corporation, Professor Bemis quotes "our most eminent student of municipal problems, Dr. Albert Shaw," as follows:

"With honest, independent and truly representative government, such as our forefathers knew, and such as they hoped would be ours in perpetuity, it would seem to me a matter of comparatively little moment whether the public welfare was served by the Municipal Ownership and operation of gas plants, or under fair terms, by a private company. On some accounts I should considerably prefer the latter alternative. But with weak and flabby government, lacking in moral stamina and lacking the intellectual force to make advantageous bargains, with private corporations, I should be inclined to the opinion that direct ownership and operation as offering less temptation, might well have better results for the community in some cases."

It is not as an opponent of Municipal Ownership, but simply as an investigator, that the writer of these letters deals with the arguments made in its

behalf by its leading spokesman. Municipal Ownership may be a good thing for cities under better municipal conditions than now prevail throughout the country, and there is unquestionably much to be fairly said in condemnation of the greed, the extortions, the unsatisfactory treatment of the public by various corporations, yet the main question at issue is this:

Do the advocates of Municipal Ownership offer an intelligent, feasible, effective remedy for admitted evils?

Is there any choice between a greedy and unscrupulous corporation and a greedy and unscrupulous political machine? Can the public reasonably expect to receive fairer treatment from the machine than the corporation? Is state legislation a failure? Is it no longer possible to frame laws which will compel corporations to serve the public efficiently and without extortion? If the answer be that corporations are no longer amenable to law, then manifestly we have a condition bordering on Anarchy.

The spokesmen for Municipal Ownership, Shaw, Bemis, Commons, Jones, Pingree and even Mayor Harrison of Chicago, say it is wiser to trust municipal governments than corporations. Having advanced this proposition in his text book, "Municipal Monopolies," Professor Bemis, apparently forgetful of what he had previously said, proceeds to demonstrate that what he terms a corrupt common council cannot be trusted, and refrains from repeating the statement that "spoilsmen can be kicked

and cuffed about in the gutter *ad libitum*." In the following language he tells how faith in one municipal administration was betrayed:

"The lease of the Philadelphia gas works in 1897 for thirty years, after fifty-six years of public operation and sixty-two years of public ownership, has been widely heralded as an evidence of failure of Public Ownership. The salient facts which alone can be here given, illustrate, rather, the extent to which powerful corporate influences will weaken and corrupt government for their own ends when the people are asleep and the spoils system is allowed to prevail.

"Surrounding the committee rooms and council chambers at all the meetings when the United Gas Company's ordinance was under consideration was a band of the shrewdest and most skillful lobbyists, and at one time some of them had the audacity to enter upon the floor of the councils and direct their fight for the ordinance from that point of vantage. Yet despite the public protests, and despite the public indignation, and despite the very much better offers of competing companies, the United Gas Improvement Company, controlled as it is by those who have already secured the street railway, electric lighting and gasoline franchises and privileges, was able to carry the day. And yet there are some people who wonder at the prevailing discontent among the poorer classes and the growth of that sentiment for which Mr. Bryan stands."

Of all the leaders of the new Socialism, Henry D. Lloyd, author of "Wealth and Commonwealth," is the only one who appears to comprehend the character of the first problem which must be solved

before any reasonable hope of the success of Municipal Ownership can be entertained by its advocates. He says tersely and clearly at the outset, though less clearly at the close:

“Our problem is a paradox. We must have pure government in order to municipalize, and we must municipalize in order to have pure government.”

III.

SOME ARGUMENTS PRO AND CON.

Discordant conclusions, especially in the problem of electrical undertakings, pointed out by Prof. F. A. C. Perrine, of Leland Stanford University—Detroit and Chicago operate electric lighting plants successfully—Francisco's statistics of Great Britain's railroads—American railroad experience furnishes no arguments to the controversy.

Municipal Ownership being regarded by the Christian Socialists and their allies as the first step in the direction of changing existing governmental systems, it is natural that the question should be asked at this stage of the new movement.

"What have the experts to say about the Municipal Ownership of electric lighting, gas and railway plants?"

In support of each conclusion, for or against, great arrays of figures are presented, but the contending experts never start out from the same basis of facts. The expert who is making out a case for Municipal Ownership omits to make any such allowance for wear and tear of plants, for depreciation, for interest on amount of money invested in city plants, for taxes, differences in cost of coal and for other elements of expense which the expert who is against Municipal Ownership shows are either too low or omitted altogether from the reports brought forward in support of municipalization. Those who have had no practical experience in electrical engineering appear to be the most dog-

matic in advocating or condemning Municipal Ownership.

F. A. C. Perrine, Professor of Electrical Engineering, Leland Stanford University, writes for Professor Bemis a paper entitled, "Validity of Electric Light Comparisons," which shows the uncertainty of comparisons between plants of cities, and at the very outset he declares:

"No problem in economics has yielded more discordant solutions than has the problem of the comparative value of Municipal and Private Ownership in electrical undertakings. Attempts have been made to explain these discordant solutions by reference to the comparative fullness of data used by the different investigators, but instances are not infrequent of opposite conclusions from a consideration of the same statistics."

When the investigator looks for something tangible in the way of Municipal Ownership and operation of electric lighting plants, he will find that but two large cities in America have tried the experiment with any degree of success. Chicago and Detroit own their street lighting plants, and despite the statement of critics to the effect that these electric light plants and their operation have been marked by extravagant expenditures, the fact remains that they are proving satisfactory to the municipalities which established them. And they have shown to the private electric lighting companies the advisability of reducing rates from time to time.

Philadelphia tried the experiment of running a

municipal gas plant for a score of years and finally abandoned the effort. Boston was disposed to establish a municipal electric lighting plant, but after investigating the subject carefully dropped it and made its contracts with a private company. Here in part is what one of the experts had to say about the Chicago plant in a report made to the Mayor of Boston in 1898:

"The information contained in the annual reports of the department of electricity is extremely meager respecting the construction and operation of the electric lighting plant; but I have not thought it worth while to spend the time required to secure all the data possible upon these points, for the reason that the annual cost to the City of Chicago of the lights operated by its municipal plant is so very much in excess of the prices obtained by Detroit through its municipal plant, and by other cities, including Boston, through private contracts, that it seemed a useless expense to continue the investigation further for the purpose of clearing up the ambiguities in the report of the Electrical Bureau, or for the purpose of ascertaining just what it is that makes it cost so much to run the Chicago plant.

"The annual cost to operate this plant has always been in the nature of a public scandal, and although better results are being obtained by the present superintendent than under his predecessor in office, the figures still show either a very poor plant or a very extravagant management, or both.

"Thus the cost for coal and station-supplies is \$23.55 per light as against \$10.43 in Detroit, and the cost for labor is \$46.95 as against \$33.25 in Detroit. It is, however, only fair to point out that

the labor cost has been reduced by the present management. In 1894 it was \$52.60, a sum which the late Professor Parsons, one of the most extreme advocates of Municipal Ownership, used to justify, although admitting that it was \$35.10 in excess of what the labor cost to a private company would be. The additional 200 per cent. was, in his opinion, paid and rightly paid, not for the manufacture of light, but for the 'elevation of labor.' This excessive cost has been somewhat reduced, as we have seen, but judging by the experience of Detroit, where the public plant is managed on a close approximation to business principles, it is still many dollars per lamp more than it ought to be."

Justice to Mr. Edward B. Ellicott, the City Electrician of Chicago, requires the statement that the cost of furnishing electric arc light to Chicago has been materially reduced since the foregoing report was made, Mr. Ellicott, by general testimony, seems to be an upright and competent head of the Chicago Municipal Electric Light Plant. While the writer of this letter was discussing with Mr. Ellicott the work of his department an incident occurred which may be presented as an object lesson to those who assert that a city can under present conditions serve the public as well as a private corporation. An Alderman interrupted our conversation by stepping up to Mr. Ellicott's desk and breaking in with the query:

"Have you done anything about fixing the wages of the trimmers? You know the Common Council

passed a resolution givin' them \$68 a month. They want the three months' back pay at them figures."

"The Common Council had no business to go over my head and fix wages without consulting me," said the City Electrician quietly but firmly. "I called for an appropriation after I had figured expenses down to as low a point as possible. Then the Common Council fixes rates that may cause a deficiency."

"Yes," said the Alderman, nonchalantly. "But the boys have been to see me, to know what's going to be done."

"I will not order their back pay at the advanced figures," remarked Mr. Ellicott. "Some one else will have to do that if it is done. If there is a deficiency the Common Council will have to stand the responsibility."

The Alderman smiled as if to say that the Common Council would assume the responsibility cheerfully, and as he left Mr. Ellicott said:

"That's one of the sort of things that handicaps a man in a position like mine, but the Mayor won't stand for this advance, in my opinion."

Mr. Ellicott informed me subsequently that Chicago is now lighting its streets at a cost of \$68 per arc lamp, but that does not include depreciation in plant, and several other items which figure in the cost of light when a private company makes up its expense account. I was informed that Chicago was obliged to contract with a private company for 531 all night lamps at a cost of \$103 per lamp. In a carefully prepared statement made by

Deputy Commissioner Walton of the Brooklyn Department of Street Lighting in 1899, the following figures are presented, showing the number of electric lights in Brooklyn, N. Y., and cost, as follows:

| | No. | Cost. |
|--|-------|---------|
| Electric lights (Flatbush company)..... | 332 | \$97.50 |
| Electric lights (Ocean Parkway, Flatbush company) | 95 | 116.80 |
| Electric lights in all other parts of the borough, 1,200 c. p..... | 3,545 | 124.10 |
| Electric lights in all other parts of the borough, 600 c. p..... | 210 | 62.05 |

Most of the municipal electric light plants in this country are owned and operated by small cities, and Francisco, author of "Municipal Ownership v. Private Corporations," gives a long list of failures. It is generally admitted by the experts who are entitled to credence that the results in these smaller cities have produced no convincing arguments in favor of Municipal Ownership of electric light plants.

As to the Municipal Ownership of railroads Francisco says:

"If we were to believe all the statements made by the advocates of Municipal Ownership we should have nearly all the railways in large cities in foreign countries owned and operated by municipalities, while the fact is that it is an exceptional case where the municipality owns and operates the plants.

"The reports to Parliament shows that in Great Britain there are 153 street railways. Of this number 116 are operated and owned by private companies; 31 are owned by the municipality and leased

to private parties, while only 6 are owned and operated by the municipalities. Of these cities, only one—Glasgow—claims that the enterprise is a successful one.

"There are but 14 cities in the world that operate their street railways. Before the English government bought the telegraph system the private corporation had been making a profit on the plant, but the government has never made a profit since, and the taxpayers would have saved millions of pounds if the government had not attempted the management of this business enterprise.

"Sheffield, England, had a street railroad operated by a private company which paid from 5 to 8 per cent. dividends. The city took the business and under municipal management the property did not even earn the interest upon the capital invested, and this, too, in a city with 17,000 persons per mile of track.

"Huddersfield, England, has operated a street railroad for fourteen years and has lost in that time \$311,000, and in Plymouth, Huddersfield, Sheffield and other cities boys from 14 to 16 years of age are paid \$2.50 per week and employed as conductors."

Professor Bemis says that in 1897, Huddersfield was obliged by the board of trade to lease its street railway lines as soon as a reasonable offer could be obtained from a private company:

"Hence it is not surprising if Public Ownership failed of success where private ownership did not venture to enter. In Plymouth, a city of 100,000 inhabitants, a private company, after partially con-

structing a short line of three and one-half miles, failed. The city was indeed forced to undertake the business itself. It is not surprising, therefore, that it has only earned about two-thirds of the interest on the plant after paying all other expenses."

Professor Bemis, referring to one objection to Municipal Ownership, remarks:

"Aside from the dangers of the spoils system, it is claimed that public operation is Socialistic. This argument would apply equally well to the Post Office and has ceased to be a bugbear."

As to Municipal Ownership of American railroads, the Professor, as has been previously stated, says that only two railroads in the United States are owned by municipalities, the Brooklyn Bridge Railroad and a small road at Port Huron, Ontario. Neither has produced a convincing argument for Municipal Ownership. The Brooklyn Bridge road is now managed by a private corporation. The advocates of Public Ownership turn to Great Britain and the continent for arguments in support of their theory. The claim as to the ownership and operation of street railways in Glasgow have been considered. It is admitted by the advocates of Municipal Ownership that the favorable conditions existing in Glasgow cannot be paralleled in this country until our political spoils system is abolished. Referring to Public Ownership abroad, Francisco says:

"Experience shows that in Europe, Australia and America, State aid to railroads has resulted in immense losses. Most of the railways in Austria, after an unsuccessful trial, were sold to private contractors for about one-half their cost. Mr. Knapp,

of the Inter-State Commerce Commission, in a letter to the Nation, referring to Government Ownership in Germany says: "Henceforth it will be advisable for a railway employe not to vote otherwise than in accordance with the political opinions of his chief. Railroad officers, post office and telegraph clerks no longer dare to petition in their own names to the Reichstag, because they are threatened with punishment if they do. In Italy the government took the system into its own hands, but the gross receipts being continually less than the expenses, a special committee was appointed to investigate, and after making the most thorough and careful investigation, reported that:

"State railroads as a rule did not do so much for industry as private railroads; that in general their rates were higher, their facilities worse, their responsibility less, while the state railroad management was more apt to tax business than to foster it; political considerations were brought into matters of railroad construction and management in a way which was disastrous alike to railroads and politics."

IV.

MAYOR SAMUEL M. JONES, OF TOLEDO, OHIO.

A foremost figure in the West in the causes of Christian Socialism and Municipal Ownership—Early life in Wales and America one of poverty and hardship—A fortune in oil—Application of his novel "Christ policy" to the Toledo police force and to intoxicated citizens—Is he really practical?—Mark Hanna's estimate of the "crank" who polled 107,000 votes for Governor of Ohio.

"The Rev. Heber Newton of the Madison Avenue Episcopal Church, New York, in a recent sermon said 'the kingdom of God was a new order of society, which men themselves should bring about, from which should be abolished poverty and misery.' The time would come, he said, when men would consider it a crime and an outrage that any person should starve to death in the midst of plenty. He for one looked to see poverty abolished in our own generation. So do I."—Mayor SAMUEL M. JONES of Toledo, O.

Municipal Ownership being regarded as the stepping stone to National Ownership by Christian Socialists, the new religionists of the West, it may be instructive to review the efforts of one of the high priests of this latest cult to put into practical operation his scheme for the betterment of citizenship, on Socialistic lines. Next to Professor George D. Herron, of the Iowa State College, Mayor Samuel M. Jones, of Toledo, O., is the foremost figure of the West in the advocacy of Municipal and National Ownership. His triumphant re-election to a public office of great responsibility; the enthusiastic acceptance of his unique views by large masses of citizens in the West, invest his personality and doctrines with interest to all who are studying sociological questions.

Mayor Jones is from any point of view a man of picturesque individuality. He is about 53 years of age, was born in Wales, consequently can never aspire to the presidency, and came to this country when he was a child. He is of the average height, broad of shoulder, muscular, alert in movement and apparently of rugged health. His hair and closely trimmed mustache are tinged with gray, his eyes bright and searching, chin indicative of resolution, manner quiet and self possessed, attire plain but neat, his general appearance that of an energetic business man. He is evidently a very earnest man, although not boisterous in speech even when most thoroughly aroused, and the general testimony of all who know him, friends and opponents, is that he is sincere and honest. His employes entertain a genuine affection for him, and the 17,000 votes which he received when a candidate for re-election tell of the esteem in which he is held by most of his fellow townsmen, for the Republican and Democratic candidates who ran against him polled together no more than 7,000 votes. The following sketch of the Mayor's early life is from his own lips:

"Glancing briefly at the past, I can see some influences that have led to the belief I now hold as to my relation to my fellow men. I was born in Wales, August 3, 1846; came with my parents to America when I was three years old and I have often heard them tell of the tedious voyage of thirty days in an emigrant sailing ship and the subsequent voyage over the Erie Canal to central New York, where they finally settled in Lewis County. My parents were very poor and very pious. The

poverty in our family was so stringent that it was necessary for me to go out to work, and I bear upon my body to-day the marks of the injustice and wrong of child labor.

At the age of 18 I heard of the opportunities in the oil regions of Pennsylvania, and at once made my way to Titusville. I landed there with 15 cents in my pocket, and without an acquaintance in the state. For three days I went through one of the most trying experiences of any young man's life—living without money and seeking work among strangers. I had promised to write to my mother, and I used hotel stationery to fulfill my promise, but was without the necessary three cents then needed to purchase a postage stamp. This was one of the hardest financial problems of my life. I overcame it through a clever dodge. Seeing a man on the way to the postoffice with a bundle of letters in his hand I inquired of him: 'Are you going to the postoffice?' 'Yes, sir,' he said. 'Will you have the kindness to mail this for me?' At the same time pushing my hand into my empty pocket in search for the necessary coin, fumbling my pocketknife and keys a moment. The gentleman kindly said, 'Never mind, I will stamp it,' and the revenue was provided which took my first letter to my mother."

The Mayor says he found his first remunerative employment in the oil fields:

"Since 1870 I have been more or less of an oil producer. In 1886 I came to the Ohio oil fields and began in the business of producing oil at Lima. Since that time I have followed it both in Ohio and

Indiana, and to some extent in Pennsylvania and West Virginia. In 1893 I invented some important improvements in appliances for producing oil, and, finding manufacturers unwilling to make the articles, fearing there was nothing in it, I concluded to go into the manufacturing business."

Mayor Jones eventually found the oil business profitable and is now considered a man of ample means. In Toledo he employs forty of fifty men in his oil sucker rod manufactory and on every Christmas day presents each employee with a check representing five per cent. on the amount paid the employee in wages during the year. One of the Mayor's townsmen supplied the following information concerning the former's early life:

"He started at the foot of the ladder. He was an oil well driller and had to work very hard; his hands are still calloused from manual labor. He knows what hard work means and that is why he does not work his men more than eight hours a day, and he won't allow any of his men to work on a Sunday. He practices what he preaches."

When Mr. Jones first ran for Mayor he was the regular Republican candidate. Then all the liquor saloon keepers opposed him, for he was an active church member and it was said that a few years previous to his residence in Toledo he was known in Lima, O., as a vigorous enemy of the saloons. But he was elected and the saloons were undisturbed until the clergymen of Toledo insisted that they should be closed. Mayor Jones said:

"If you enforce one law, enforce all."

The saloons were closed and then the sale of milk, newspapers and cigars on Sunday was prohibited. The drug stores, candy stores, newspaper stands and bootblacks went out of business for two or three Sundays. Then public sentiment forced a repeal of all the Sunday closing ordinances. The clergymen subsequently stormed at Jones, but he replied in the words used by him in delivering an address at the annual meeting of the League of American Municipalities, in Detroit:

"The time is coming when we shall make a clear distinction between respectability and righteousness, and when we shall come to see, as did Frances Willard, the great apostle of temperance, before her death, that poverty is the cause of drunkenness, rather than drunkenness the cause of poverty."

Mayor Jones had not long been in office before he began to try and carry into practical execution the introduction of what he calls "The Christ policy in politics, municipal and social life." He says that this policy alone can conquer evil, and he adopted at the outset of his political career as a religious political motto:

"Whatsoever ye would that men should do unto you, do ye even so unto them."

The first practical move which he made in the direction of enforcing this new and novel policy in the affairs of municipal government was to deprive the policemen of their clubs and furnish them with canes. Every Toledo policeman now carries a cane with a curved handle. The Mayor next gave the police to understand that men would not establish any substantial claims to promotion by making a

great number of arrests for drunkenness. The idea was conveyed to them that the policeman who won the reputation of being a humane officer, and succeeded in getting more drunken men home than to the station houses would have a better chance for promotion than the officer seeking to make a record by the number of arrests he might make for drunkenness.

The Mayor's policy is still in force, and so it may fairly be said that there is one city in the Union where a man can get comfortably drunk, comfortably intoxicated (if he is not violent) and zig-zag through the streets feeling that if he is not able to identify his keyhole, he can rely upon the friendly assistance of a policeman who steadily bears in mind the Mayor's motto:

"Whatsoever ye would that men should do unto you, do ye even so unto them."

In defense of his policy, Mayor Jones said:

"In the future, as in the past, I shall pin my faith to love as the only power that can save the world, and if again I am called into the public service, I shall use my best endeavor to administer love as law. It seems to me preposterous to hold that Jesus would practice a 'hickory club and shot gun' policy in dealing with evil. There is but one way to overcome evil, and that is both scientific and scriptural. 'Be not overcome with evil, but overcome evil with good,' and that policy will overcome the evil that flows from the saloon, as well as from all other sources. The one way to finally overcome the saloon evil is to provide a better substi-

tute. If we are to adopt the method of extirpating evil instead of the regenerative method that Jesus preached and practiced, it seems to me that to be logical, our business men who believe in that plan should hang a sign in their show windows, bearing such inscriptions as these: 'No saloon money wanted here,' "No brewers' money wanted here,' 'No liquor dealers' money wanted here,' 'No employees of any of these people wanted to trade at this store.' "

Mayor Jones was busy preparing for a trip to New York, where he had been announced to speak at a workingman's dinner, when I visited his unpretentious and cramped official quarters in a private building in the City of Toledo. After he had finished the dictation of his speech, he found time to say in response to my queries:

"My policy in public life as in private life may be summed up in these words: I believe in the Christ-policy in politics and in every-day life. Love is the only power in the world that will conquer evil. I believe in Municipal Ownership because I regard it as one step in the direction of the brotherhood of man. Christ is the great Leader of men."

"You speak like a churchman. Are you one?" I asked.

"Well, I'm not working much at it," responded the Mayor with a slight tinge of bitterness in his tones. "I give \$100 a year to the church, and I go there and stand about as much of it as I think I can bear."

Plainly, the Mayor does not entertain a friendly

feeling for the churches of Toledo, and this may be due to the fact that most of the clergymen in Toledo opposed his candidacy for re-election; yet his confidential secretary informed me later that the Mayor spoke as he did of churches because he did not think they were working effectively for the good of those outside of the church.

The Mayor said further, as if in explanation of his bitter reference to the clergy:

"They found fault with me because the saloons are not closed on Sundays. We have no ordinance requiring the closing of saloons; the only restriction on them is a state law, and I have no way of enforcing that restriction. After all, the liquor question is but incidental to greater questions of evil, incidental to a condition of society that causes drunkenness. Sam Jones came here during my campaign and he stood with the clergymen in denouncing me. He said there are 841 saloons in Toledo, while there are only 581. When I first became Mayor there were 589. The sin that is destroying souls to-day is the sin of ignorance, indifference and apathy to political and economic evils."

This is what Sam Jones, the evangelist, had to say about his namesake in Toledo:

"Mayor Sam M. Jones of this city believes in the Golden Rule. He does by all saloon keepers, gamblers and dervishees just as he would be done by if he were a saloon keeper, gambler or dervishee. I was told that Mayor Jones was a man without a bad habit. He was elected two years ago by the church people of the city, being a prominent mem-

ber of the church himself. He telegraphed to Washington Gladden of Columbus, O., the night of his election, two years ago, that he was elected by a good majority, in spite of 600 saloons and the devil. If he is elected the 3d of April again he will be elected by 840 saloon keepers and the devil, with the preachers and their influence in the churches against him.

"Mayor Jones is a man of theories. He believes that poverty creates saloons and that poverty among the working people makes the saloon necessary. I have told the people in this city that I had visited many of the lunatic asylums of the different states and talked with the inmates, but that I had come to Toledo to find a man fool enough to advance such a theory as that—that poverty creates saloons and makes them necessary. I thought the saloon was the mother of poverty and wretchedness."

"Are you in accord with the views of Professor Herron?" I asked Mayor Jones.

"Professor Herron has exercised a large influence upon my life," responded the Mayor, then hastily, "If you desire to get my views more in detail, here is a gentleman who will give them to you. He knows me well, what I think, what my life has been and what my aims are. I have got to hurry to catch a train for New York, but this gentleman will give you perhaps even more than if I were to talk to you."

Thereupon the Mayor introduced his first assistant, Mr. Reynolds Voit, a courteous and well-in-

formed official, then hurried away to catch his train. Here is what Mr. Voit had to say of the Mayor:

"Of course you know Mayor Jones adopted the Golden Rule as his motto when he entered upon his official duties. He had the policemen's clubs taken away from them, and they were supplied with canes. He did not believe in the clubbing of citizens by policemen, and the locking up of every man that might happen to get intoxicated. He gave the police to understand that not the officer who made the most arrests for drunkenness, but the officer who got most drunken men to their homes would stand the better chance for promotion. Then he started in to inaugurate a policy of leniency among the magistrates. By virtue of his office he was entitled to sit as a magistrate, and he exercised his right. He sat on the bench himself, and instead of heavily fining and locking up every man who came before him for drunkenness he would fine the offender \$1; the law required him to impose a fine. But he would first fine the man and then remit it with the understanding that the offender would be on his good behavior. The Mayor took pride in calling the attention of the ministers to the fact that the men who received this lenient treatment did not come before him again."

Although Mr. Voit was carefully questioned he did not seem to be able to point to anything more practical done in the way of municipal reform by the Mayor than the substitution of canes for the clubs formerly used by the policemen; the discouragement of arrests for drunkenness, and the suspension

of fines for drunkenness. Mr. Voit furnished abundant documentary evidence that the Mayor had made many official recommendations that are at present unacted upon. Following is a list of the recommendations made by the Mayor:

The establishment of a city plant for the manufacture of fuel gas.

The control and operation by the city of the electric lighting plant.

The establishment of civil service in all departments of the municipality.

No grant or extension of franchises to private enterprise without the approval of the people.

The abandonment of the contract system on all public work, such as paving, sewers, etc.

The compilation and publication of the city directory by the municipality itself.

The establishment of kindergartens as part of the public school system.

A larger appropriation for street improvement.

The springling of the streets by the city itself.

The passage of the ordinance for the appointment of building inspector.

A larger appropriation for public parks.

An appropriation for music in the parks.

The establishment of playgrounds for the children.

The establishment of free public baths.

The veto power to be abolished and the referendum to the people substituted in its place.

The streets in the business section of Toledo were very unclean. Clouds of dust rose from the streets

as I looked out and remarked to the Mayor's representative:

"Your thoroughfares are very dirty."

"Yes," said Mr. Voit. "That is owing to the fact that the Street Commissioners and Auditor have not adjusted their accounts. That will be remedied in due time."

Mayor Jones, in one of his messages to the Common Council of Toledo, referred to "the havoc and destruction that is wrought to both life and property by the clouds of dust and filth that is blown through unsprinkled streets," and recommends, instead of the thorough cleaning of these streets, "sprinkling." This is what he had to say about a dangerous nuisance:

"I believe that your honorable body can, with very great profit to the people, consider the question of the sprinkling of the streets at the public expense instead of leaving this important duty to the care of public enterprise, as is now done. This work is successfully done publicly in other cities, and I see no reason why it may not be attempted with great profit here. The havoc and destruction that is wrought to both life and property by the clouds of dust and filth that is blown through unsprinkled streets now cannot be estimated, to say nothing of the personal discomfort that arises from this cause. I am sure that the small tax that would be necessary to provide for the general sprinkling of the streets of the city would be cheerfully met by our citizens and would be generally declared to be the best kind of an investment, when once it has been tried and the advantage of a dustless city experienced."

Music in the parks, kindergartens, suspension of fines for drunkenness, playgrounds for children, the guidance of intoxicated persons to their homes, free public baths, the publication of a directory by the city, Municipal Ownership, all these things recommended in the interest of the people, and then "the sprinkling of dirty streets" instead of their purification. And there you have an illustration of what happens when a well-meaning Christian Socialist who abhors the practical follows his ideals in municipal life.

It may be profitable to make an inquiry as to whether the chief spokesman for the crusade against Wealth and Public Ownership would be apt to better prevailing municipal and social conditions if they were placed in control of public affairs. Are they practical men? Are their plans for the improvement of municipal government and society feasible and practical?

Mayor Jones frankly avowed his small estimate of the practical man's worth in addressing the League of American Municipalities:

"What we lack is ideals, not idols! Our idol has been the practical man; we must find the ideal man. We have pointed to the individual who, by his superior cunning or prowess and strength has amassed the wealth of his fellow men, as our model of success. But, gentlemen, we are coming to see that all such success is purchased at the price of the failure of the many, and our greatness is to be proven in the days to come, not by pointing to the individuals here and there who are like the ana-

conda, gorged with wealth for which they have no use, at the expense of an army of paupers and tramps who have no wealth to use, but rather by pointing to a citizen that is made up of people truly free and truly happy. A republic in which there is neither drones nor idlers, where the interests of all sings us to our work; and when we shall have passed up the broad avenues of collective ownership to a realization of that condition, who shall be able to fathom our productivity and cheer?"

Mayor Jones has felt it necessary to write an open letter to the people of the United States in which he states it will be impossible for him to respond to the thousands of letters requesting pecuniary aid. In this letter he says that while he is a believer in the brotherhood of man, his fortune is not so large as to warrant the demands made upon it. While the writer was in a conversation with the Mayor's confidential representative, Mr. Rudolph Voit, the latter said:

"The Mayor is continually lending money to people or practically giving it away, and I don't wonder that he says he expects to die a poor man. I know that he has let people have in the aggregate thousands of dollars that he will not get back. I have known him to advance money, again and again, in cases where I would have said no, and in many cases where I have advised him to say no."

"Is it not likely that his generosity has been imposed upon?" I asked.

"I have no doubt of it," was the answer. "One of his peculiarities is that he will not take interest where he lends money. To illustrate: I recall a case where a young man wrote that if the Mayor

would loan him several hundred dollars he could start an enterprise that would pay a handsome profit. The Mayor wrote an answer to the effect that if the young man could get others to raise a certain amount he would advance \$500. The young man claimed to have complied with the Mayor's request and then the Mayor advanced \$500. In a short time the enterprise failed and the Mayor was out \$500. One day a stranger came in; he had been drinking and said he wanted to borrow enough money to take him back to his native city. The Mayor gave the man some good advice about his habits and then asked me if I had the money for the stranger's fare. I said no and advised the Mayor to have nothing to do with the man. But Mr. Jones pulled out his 1,000-mile mileage railroad ticket and said to the stranger: 'If I let you have this ticket to use will you send it back to me when you get home?' The stranger said, 'Yes,' and the Mayor let him have the ticket. I thought that was the last of the ticket, but sure enough the man sent it back along with the price of that part of the ticket that had been used. That pleased the Mayor immensely and he took care to remind me that one cannot always judge a man by his appearance. But for that man who acted squarely with the Mayor I can lay my hand upon the letters of a dozen who have abused his confidence. He's got to stop this indiscriminate giving or he will wind up without a dollar."

The Mayor has unquestionably been bled freely by men always on the lookout for credulous hu-

manitarians who can be persuaded to help those who will make no sustained effort to help themselves. He has been an easy victim for idlers and frauds to play upon, but his eyes are at last opened to the true character of the idlers who lie in wait for any man of means who preaches the doctrine of the brotherhood of man. When he first announced that he would be guided by the Golden Rule in politics, such a fierce raid was made upon his pocket-book that he found it necessary to say to his workmen, to whom he pays a yearly percentage upon the profits of his business, in addition to good wages:

"A few years ago I had an ambition to 'make money,' as it is called; and then I thought I would use it to help 'worthy' young men to start in business, to get an education, and so on. But my mind has undergone a very marked change on this subject. I now understand that if a young man is helped into a business that makes him rich, it is just helping to delay the day when all men may have what is justly their due; that is, the day when all men may have the product of their own toil. I think I can help you to understand what I mean by a practical illustration of the principle right here. There are about fifty of you working for the Acme Sucker Rod Company. You are all here present. Now, can any of you tell me why I should want to help any particular one of you and not help all the rest? If any young man can tell why he should be helped to start in business and the rest be left to plod along as best they may, I am sure we will all be glad to hear from him. No one seems to want to undertake that job."

Despite the fact that Jones is characterized as a "moral crank" by the politicians, he has hosts of admirers and believers in his integrity. In June, 1899, after having learned by extended investigation in Ohio that Mayor Jones was very popular in that state, the writer called upon Senator Mark Hanna at the latter's office in Cleveland, to question him concerning the political outlook. In the course of the interview the Senator was asked:

"Is Golden Rule Jones of Toledo making any headway with his ideas in the state?"

The Senator smiled and answered in an off-hand way:

"Oh, no; he does not amount to anything. He is simply a crank, but he is a moral crank, and that makes the thing worse, for he believes what he says. He is a disappointed candidate for Governor. I took care to make some inquiries as to what there really was in this movement in which he is engaged. I sent some of my labor lieutenants down to Toledo to see who was behind Jones. They found that the real working men were not with him, that he was backed by the riff-raff and the idle fellows you find in every city. All the liquor dealers and bums were for him, along with the Democrats, and that is how he came to be elected Mayor."

Two months later Mayor Jones, in compliance with the requests of several thousand voters, became an independent candidate for Governor. The Republican and Democratic machines each treated his candidacy with contempt at the outset of the campaign, but before it was half over both were frightened. When the votes were counted it was discovered that he had defeated Senator Hanna's

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candidates in the Senator's own county, and that over 107,000 citizens had voted for him. Jones' campaign cost him less than \$8,000. His opponents spent over \$200,000.

V.

GOV. HAZEN S. PINGREE, OF MICHIGAN.

The very antithesis of Mayor Jones, of Toledo—The purchase of the Detroit street railroads proposed to the Governor by Tom L. Johnson, of Cleveland—Eighty prominent citizens opposed to city ownership take the scheme into court—Prof. A. C. Kent argued that the court's decree would be one of sociological importance—The Governor finally denied the pleasure of experimenting with a municipal railroad for "the people."

"I tell thee, Jack Cade, the clothier, means to dress the commonwealth, and turn it, and set a new nap upon it."—Second part of Henry VI.

To the City of Detroit, rather than to Toledo, the Christian and other Socialists of the country were looking in 1899 for the acquisition and operation of street railways by a municipality. For Toledo is tax-burdened, the rate being 3.32 against that of 1.59 in Detroit last year; and Toledo, despite the fact that it has an honest Socialistic Mayor, sincere in his advocacy of Municipal Ownership, has not been able to free itself from the \$1,555,000 gas bonds issued for the construction and maintenance of a city pipe line in an unsuccessful effort to supply the city with free natural gas. The city is obliged to secure quarters in private buildings for its public officials, and as it has not yet been able to build a city hall, Toledo is clearly an uninviting field for any large experiment in the direction of Municipal Ownership. For these reasons Detroit was regarded as the city of all others in the country where Municipal Ownership was expected to furnish a

new and convincing argument to the people of the United States.

Although Governor Pingree has not publicly gone so far as Mayor Jones of Toledo in placing the prevailing evils of society at the door of aggregated wealth, nevertheless, it is believed by the Christian and other Socialists of the West that at heart he is in sympathy with their doctrines. Whether this belief has any foundation in fact I know not, yet in his Detroit office, in response to my inquiry as to whether he was in favor of National Ownership of railroads and telegraph lines he replied:

"I've nothing to say about that matter now, but I'm agin the Trusts. I believe they're all a damn conspiracy agin the people, every damn one of 'em."

Pingree and Jones are of one mind concerning Municipal Ownership of what they term public utilities, but in many other respects they appear to be widely apart. Jones was born in Wales and in his younger days became a driller of oil wells. Pingree was born in Maine and began his working days as a cobbler. Jones devoted his evenings to study and is to-day a man of widely diversified reading, capable of expressing his views in good English, does not require any assistance in preparing his official papers or speeches and comports himself as a gentleman. Pingree has devoted the greater part of his days to the acquisition of wealth and the nourishment of political ambitions. He is superficial, often uncouth and almost invariably dema-

gogish. Jones, out of his own pocket, has helped the workingman and the needy. Pingree has also done some humanitarian work, but the City of Detroit has paid for the greater part of it. Jones is a man of exemplary habits, who does not drink liquor, smoke or indulge in profanity and he is a churchman who does not believe that morality can be enforced by legislation. Pingree was a churchman before he became a politician. Jones is quiet in speech and manner. Pingree, when he is "at himself," to use a Western colloquialism, has the bearing of a political swashbuckler. When he was a more or less devout churchman he manifested deep respect for clergymen; when he became a full-fledged political demagogue, he made new associations and adopted new modes of expression. Here let me quote one of his townsmen, not a churchman, but a public-spirited citizen of prominence:

"He has a mighty poor opinion of ministers. He says some of them are worse than the saloon-keepers."

Pingree is stalwart and broad-shouldered, disposed to corpulency, is partially bald, has an oval-shaped puffy face, sandy mustache and imperial, shifty eyes generally shielded by spectacles, and walks with the air of a man who thinks he is entitled to a good share of the sidewalk.

Being anxious to learn more of the personality of this Michigan Governor and his underlying motives in proclaiming himself a champion of the rights of the common people and an advocate of the Municipal Ownership of public utilities, I ques-

tioned one of his neighbors, a successful lawyer of high standing. My informant said, among other things:

"Pingree is in the habit of telling the laboring classes that he began life as a cobbler; now he is a shoe manufacturer and a man of wealth. In 1889 he was elected Mayor of Detroit, and has served in that capacity for three terms. In 1894 and 1895 he began to loom up as a professed friend of the workingman. He was then a member of a Republican combination of leaders known as the Big Four. Having his eye on the governorship, he began to advocate the adoption of three-cent fares on the street railways. Finally a line was started in accordance with his ideas; that is to say, eight tickets could be purchased for 25 cents, single fares 5 cents. It has been shown that in most cases the workingman who does not feel like expending 25 cents at once pays cash for his ride. In 1895, Albert Pack, one of the Big Four owners of a street railway, wanted to get an extension of the franchise, and fell in with Pingree's ideas. The road had \$1,500,000 of bonds to sell and diplomacy was necessary. Pack has said that he promised to secure the gubernatorial nomination for Pingree if the latter would not fight him. Pingree did get the nomination and won by a big majority. Pack got what he wanted, the system of eight rides for 25 cents was adopted on some lines and six rides for 25 cents on others. The workingmen, who really paid 5 cents cash for their rides, began to shout praises for Pingree, and then he began to taste the pleasures of notoriety and think that some day he might become President. You know he got a great

deal of notoriety all over the country by establishing the Detroit potato patches for the poor. The man who originated that idea was Colonel Cornelius Gardener, when he had come to Detroit after spending some years on the frontier. He was a humane man and had seen but little of poverty in cities. The Colonel was deeply impressed by the wretchedness of the poor and he originated the plan of providing the poor with land upon which they could raise potatoes. Pingree was permitted to appropriate the idea as his own, because the Colonel was his friend, and so Pingree took care to appropriate all the credit coming from the carrying of the idea into execution and the origination of the idea. So it is that whenever he does anything for the poor he does it with a brass band."

The four street lines of railroads in Detroit, the so-called three-cent fare lines and the others are mainly owned and controlled by Tom L. Johnson, the single tax advocate, who made some millions out of Brooklyn surface roads, by Henry L. Wilson of New York, and a few others less prominent in business circles. Governor Pingree in addressing a public meeting in Detroit during my stay there said he was first induced to become interested in the present movement to bring about Municipal Ownership of street railways in Detroit by receiving a telephone message about two months ago from Tom L. Johnson. He said he subsequently called upon Johnson in Cleveland and the latter outlined a plan by which the City of Detroit might acquire

the railroad lines and operate them on a three-cent fare basis.

"I told Johnson right off I would entertain the proposition," said the Governor.

Tom Johnson, instead of Pingree, being the real author of the plan by which Detroit was to acquire a street railway system and demonstrate to the people of this country the beauties of Municipal Ownership, the query naturally arose, Why does Johnson, a successful and persistent money-grabber, now advocate Municipal Ownership? One answer was that his street railway franchise will expire inside of nine years and that fact has affected the sale of the bonds of the road. If the City of Detroit could be induced to acquire the road, then grant a thirty years' franchise as security to Johnson, the bonds would sell.

Pingree promptly agreed to Tom Johnson's proposition and a legislative bill was passed to provide for the acquirement of the street railroads by Detroit, but it omitted the referendum—no provision was made for a vote on the scheme. The "referendum," the right of the people to vote as to whether they will acquire the property of corporations, has been preached from one end of the country to the other by Professor Bemis, the authority to which the advocates of Municipal Ownership look for their statistics and formulated principles. This is the way Pingree talked when he was reproached for not making in his bill a provision for the referendum:

"No, sir; I ain't going back on the people. But

what in the devil do the people know about the value of trolley cars, and rails, and—why, say, there ain't a man in Detroit can guess the value of the roads within \$3,000,000, no, sir, not within \$3,000,000. I can't and I know a durn sight more about street cars than you do.

"That's right. I don't trust the council more'n ever I did, but those three commissioners will be all right. Some folks will be watchin' 'em to see they are, b'gosh."

Governor Pingree was evidently in an irritable state of mind when I called upon him in his office in the Majestic Building, Detroit, to ask why this self-proclaimed champion of the common people had denied them the privilege of voting on the proposed acquirement of the street railway system by the city. His irritability may have been due to the fact that he had just returned from New York after a conference with Tom Johnson, to learn that sixty influential citizens of Detroit had determined to ask the courts to pass upon the constitutional objections to the Governor's bill providing for the appointment of a railroad commission, of which he is chairman, and conferring upon the commission the power to purchase for the City of Detroit its city railways, which have a bonded indebtedness of \$11,000,000. He had learned, further, that "the dear common people" to whom he frequently appeals, wanted to vote on the proposed acquirement of the city railways and were displeased over his private conferences with Tom Johnson, the railway magnate.

The Governor talked freely about certain phases of Municipal Ownership, which have been referred to at length in previous letters, but when I mentioned "the referendum," the desire of citizens to be permitted to vote for the acceptance or rejection of his commission's plan for the acquisition of the railroads, he seemed to suddenly remember that he had a pressing business engagement elsewhere. As the Governor reached the corridor, a second reference to his failure to provide for a public vote elicited from him the sharp reply accompanied by an angry shake of the head:

"I am ready to go before the people, by —. I've got nothin' to conceal or hold back, by —. Those fellows that are agin me want to have a referendum. They want to put things off when they've got to be finished up quick. If I stand for anything, by —, it is for the people, and I'm willin' to go before 'em."

A reference to some criticisms made by clergymen provoked a sneer. The Governor threw his head up quickly after the fashion of a horse stung by a gad fly, made a grimace expressive of contempt and said snappily:

"Those fellows would find fault with the Ten Commandments. They're like the Free Press (the leading paper in Detroit). I told the Press, 'I knew you'd be agin me, for you always have been.' They said, 'No, we were with you once and that was when you were agin the war.' That was the only time they ever were with me, by —. Now I know that the people are with me in this railroad fight and we will win."

The citizens who decided to test the validity of Pingree's Municipal Ownership bill at first held private meetings and their names were not made public. Most of them were business men and a few were afraid that opposition to Pingree would bring a boycott upon their heads. After the Governor had learned this fact, later in the day, he became more voluble, and said to the citizens' committee:

"Now, I see that they daren't act open and above board, like honest men. They haven't the nerve to come out as they should and tell their names. And why? Because they're afraid that Governor Pingree will boycott their stores. By George! they may be afraid that they'll lose trade. I won't say a word against them, but this is the people's fight, and I don't wonder some of these fellows who toady to corporations and the like are afraid of losing trade. In the sight of God they're dishonest when they take the trade from the poor man, filch him for all they're worth and then sneak like house-thieves into court under the protecting wing of a corporation attorney, who is doing it all for the love of the poor man, and defeat what is the people's will."

Having made this suggestion of a boycott, the Governor next proceeded, in his demagogish way, to make an appeal to the dear common people. 4
said he:

"And now I want to say that we're willing to give the eight-hour day, and that's one of the reasons we want to buy the road. We ain't afraid to tell John McVicar or anyone else where we stand on that proposition. These fellows have been paid

too little and worked too hard. These conductors who are entrusted with the collection of thousands of dollars apiece a year, and these motormen who have the safety of your children and my children, who are responsible for hundreds of human lives, haven't been paid as they should, and if we can raise their pay to a point of adequate compensation we're going to do it, and Mr. John McVicar can object and be damned. If under Municipal Ownership we can afford to pay hard-working employees \$365,000 per year more than they are now receiving, you can put me down as being in favor of it more than ever."

Pingree did not intimidate the business men who united to test the validity of his Railway Commission bill. Eighty business men, who declared that they were resident taxpayers of Detroit and owned property aggregating \$5,000,000 subject to taxation, employed able counsel to secure an injunction and quo warranto proceedings against Pingree's bill. Their names appear in a complaint, and they averred that for property which is not worth over \$6,000,000, it was proposed to pay \$17,000,000 (but friends of the commission say not over \$12,000,000). The following allegation was also made:

"Upon information and belief the relators aver that it is the intention of the commissioners, and it has been publicly announced by Commissioners Stevenson and Schmidt, that if the negotiations for purchase of the roads result in an agreement as to the value of the property, they would apply to the common council for a grant of a right to use the

streets and highways of the City of Detroit necessary for the operation of the lines of street railways now in operation within the city for the period of thirty years, and pledge such right, together with the property purchased, as security for the payment of such sum as should be agreed upon as the value of the property purchased from the company."

Professor Bemis, then of the Kansas Agricultural College, one concededly honest but theoretical Municipal Ownership advocate, was called to Detroit by Pingree, to aid the Railway Commission in fixing upon a purchase price. But the professor gave a shock to Pingree when he declared that the people should be permitted to vote for or against the adoption of the Railway Commission's terms of purchase. The Governor deemed it advisable to yield to Professor Bemis, although it was but recently that a Detroit paper reported Pingree as saying:

"Why, ain't I willin' to let the people decide the price? Why, there isn't a more complicated question before the people of the United States. It's more mixed up than the Atkinson bill calculations, b'gosh."

Prof. Bemis is a warm admirer and friend of the Christian Socialist, Professor Herron. As he is regarded by the Socialistic advocates of Municipal Ownership in this country as their chief practical spokesman and statistician, and as his name and plans are likely to figure frequently in political campaigns, it will probably be of interest to note what he regards as the weightiest objection to Municipal

Ownership. In his book on Municipal Monopolies the professor says:

"The most serious objection to Municipal Ownership and operation is the possibility that such operation would not be so progressive in the testing of the latest inventions and in extensions to undeveloped territory as is the present system.

"This it is impossible to determine, save by reference to experience with water and electric light plants in this country, and with such plants, together with plants and telephone systems abroad. In all these cases, extension to new territories seems to have been as characteristic of public as of private ownership. American water works frequently extend their mains where private companies have refused to go, for lack of the prospect of immediate returns. Publicly owned gas works of England seem as ready to adopt water, gas, or labor saving machines in charging their retorts with coal, as do the private works.

"By way of partial reconciliation between the overhaste of some advocates of municipalization and the exaggerated fears of opponents, it should be added that, as the matter is likely to work itself out in practice, the question is not going to be one of sudden transition, but rather one of gradual experimentation. Each municipality will watch critically the results elsewhere, and hasten or retard its own action according to evidence of success or failure in other places similarly circumstanced.

"Neither is the question one of universal transition from private to public management. For some time to come, all that America is likely to see is an imitation of what now appears in England,

viz., the spectacle of public and private plants working side by side in adjoining cities, each a check upon the other, until it is clearly demonstrated which offers the greatest economic, political and social advantages."

Professor A. C. Kent, who made the main argument before the Supreme Court against the Pingree Municipal Ownership bill, said at the outset:

"This is the first tangible move in the direction of Socialism. It is the first evidence of a concerted action, and is the first indication of the crystallization of a communistic sentiment which has been preached and agitated with much vigor during the last decade.

"We do not know what the limitations of such a movement will be, once it is started. We cannot conceive whether it will result in confiscation and the curtailing of private rights. If a city goes into the street railway business there is nothing to prevent it from organizing itself into a Socialistic Commonwealth. There is not a great public utility operated by a corporation in this country that is not more or less affected by this experiment.

"Therefore, I say of this case that it's coming into court affects the social and economic life of our nation and our homes. The decision which will be given by the Supreme Court will spread its influence over the whole world. It is not a decree of the law so much as it is a decree of sociological importance, and places or fails to place the limitation upon Socialistic enterprises."

Professor Kent thus corroborates the statement

made at the outset of these letters, viz., that Socialistic sentiment in the West is the main factor in the Municipal Ownership movement. That statement, so far as the writer is concerned, deals solely with the existence of a fact, not with the merits of either side of the controversy.

Detroit has an electric lighting plant which lights the streets of the city well, but it did not purchase it from a corporation. The city established the plant and is satisfied with its enterprises. Detroit has undoubtedly taught the private electric light corporations that cities are likely to become their competitors unless more moderate rates are charged for lighting. While the great mass of voters in Detroit insist upon their right to vote upon the question of acquiring city railways, it is the opinion of conservative citizens with whom I conversed that a popular vote would at that time have sustained Pingree. Socialism has a strong hold upon the working and middle classes of Detroit, and Socialistic doctrines are preached from the pulpits of the city. The Socialistic sentiment is quite as strong in Detroit as I found it in Toledo, under the leadership of Mayor Jones, probably stronger.

NOTE.—Pingree's railroad scheme met with such vigorous opposition in the courts that he finally abandoned it, and thus the country was deprived of the great object lesson in the form of municipal ownership of surface railroads so confidently promised by the Governor of Michigan.

VI.

PUBLIC OWNERSHIP ABROAD.

Additional light upon the conditions in Glasgow—Its railroads place "an embargo upon long rides for the poor," says President Jefferson S. Polk, of the Des Moines City Railway Company—Views of President Clinton L. Rossiter, of the Brooklyn Rapid Transit Company—Basis of Prof. Bemis' arguments.

There is a great lack of information and a vast amount of misinformation concerning the merits of Municipal Ownership, the chief claims in its behalf being that it is more economical for a city to serve itself than to be served by a private corporation, that it increases wages, shortens hours of labor, and reduces the taxes of cities. But I have not been able to secure convincing figures in general support of this contention. The advocate of Municipal Ownership, if he makes any pretensions to the possession of accurate information will refer you to Glasgow, Leeds, Birmingham and other European cities for corroborative evidence of the soundness of his claims. The misinformation concerning this question may be illustrated by the following remarks which I heard a Detroit clergyman make to his congregation, a remark very much the same as those which I have frequently heard made in Brooklyn and Manhattan:

"Municipal Ownership of the street railways in Glasgow is going to do away with the paying of taxes; it has given to its employees shorter hours of

labor and larger wages than are paid to our city railroad employees."

Here I am reminded of a communication from the Lord Provost of Glasgow which appears in M. J. Francisco's "Municipal Ownership vs. Private Corporations," and it reads as follows:

"The Lord Provost of Glasgow has received communications from all parts of America desiring confirmation of a statement to the effect that the citizens of Glasgow would be freed from all taxes or rates in consequence of the profits derived from their gas, water, electric lightings and other undertakings of the government.

"I have accordingly been requested by the Lord Provost to inform you that this statement has no foundation in fact. There is no probability of this city being exempt from taxation.

"JOHN S. SAMUELS,
"City Chambers."

Mr. Francisco says further:

"Boston has five times and Brooklyn seven times as many miles of tracks as Glasgow. In Glasgow the fare is 1.85 cents per mile, and the average trip is one mile, while in Boston and Brooklyn a passenger can ride eighteen miles for 5 cents; thus showing that the rates when operated by private companies are lower than when operated by the municipality. In addition to this, in Glasgow they pay their conductors and motormen from 85 cents to \$1.12 per day, while the West End road in Boston pays their conductors and motormen \$2 and \$2.25 per day.

"The Socialists have a great deal to say about the profits in Glasgow. An examination shows that the West End Street Railway Company of Boston pays into the city treasury in taxes 28 per cent. per year more than the entire operating profits

of the Glasgow municipal system for a year, and Brooklyn paid twice over as much in taxes as the Glasgow operating profits."

Professor Bemis, in his "Municipal Monopolies," while making an argument for Municipal Ownership, says of the car rates charged in Glasgow:

"The present schedule of fares, assuming 1 penny to be equal to 2 cents (American), is .57 of a mile on the average for 1 cent, 1.74 miles on the average for 2 cents, 2.3 miles for 3 cents, 3.45 miles for 4 cents, 4.15 miles for 5 cents, 5.24 for 6 cents. A workingman can travel from about $2\frac{1}{2}$ miles for 2 cents to about $5\frac{1}{2}$ miles for 4 cents, before 7 A. M. and between 5 and 6.15 P. M. About 35 per cent. of the passengers pay only 1 cent fare, and about half pay 2 cents. The longest distance is $5\frac{3}{4}$ miles and the highest fare is 6 cents."

That statement would seem to dispose of the claim that Glasgow railroad service is preferable to railroad service in American cities. Professor Bemis' admission that 35 per cent. of the passengers ride but .57 of a mile, and 50 per cent. ride 1.74 of a mile, unintentionally, no doubt, gives additional force to a most serious charge made against the railway authorities of Glasgow by Jefferson S. Polk, President of the Des Moines (Ia.) City Railway Company, in an address delivered before the Union Municipal League of that city, viz., that Glasgow puts an embargo on long rides for the poor, and thus congested its laboring population in tenement houses.

Here is Mr. Polk's charge made in a somewhat

declamatory way, yet, nevertheless, of interest, because of its facts:

"Glasgow's population is more dense than any other city in Great Britain. Its 840,000 population (city proper) is crowded into an area of 11,861 acres, less than half the area of Des Moines.

"When Glasgow took charge of its tramway system in 1863, one would have supposed the dictates of humanity would have prompted its councilmen to adopt such rates of fares, rules and regulations for the operation of its tramways as would tend to scatter rather than to further congest its population; that they would make it possible for its suffering poor to go to the country and breathe God's pure air, and to allow their little ones to gambol on the green sward and grow to maturity with healthy bodies, with good morals and pure habits. Instead of this they adopted a system of fares which puts an embargo on long rides for the poor, and which, with the scant wages paid for labor, has reared an insurmountable wall between its poor suffering humanity and God's beautiful world without. This crime, for crime it is, we can only conclude was the result of the fact that its vast tenement houses, the abodes of misery, pestilence and crime, belonged to the city and to the rich constituents of the council, and to scatter this vast population was to vacate them, cut down the rent roll and destroy their property.

"Glasgow, that hoary-headed municipal monster, instead of being the benefactor of the human race, as we are told by so many, and an example for all municipalities to follow, has, by its methods, proved itself to be more cruel, more heartless and more to

be shunned than the devil himself. It has robbed more than half of its population of the ballot. It has robbed the laborers of the just reward of their toil. It has cooped them up in tenement houses, face to face with poverty and crime, misery and pestilence, with no hope of escape but in death, at the promptings of the greed and avarice of its rulers and their constituents."

By way of contrast with the foregoing, read what Professor Bemis is so frank as to say of a Chicago street railway:

"A resident of Hull House, Chicago, in one of the great centers of Chicago poverty, remarks that the workers at the Settlement had labored for years with only moderate success to secure better sanitary conditions for the foreign-born population about them, when suddenly street railway extensions induced 5,000 of the people to move to healthful suburbs. It is with full recognition of the benefits of our street railroads that we may still call attention to possible improvements."

Proceeding still further in my efforts to learn how our American street railway systems measured up alongside of the much-exploited municipal railroads of Glasgow, I came across a paper from Clinton L. Rossiter, President of the Brooklyn Rapid Transit Company, a paper which he read before a convention of the New York State Street Railway Association, and in which I found the annexed interesting statement:

"The purchase of a piece of farm land for building purposes in the suburbs of any of our cities is

followed immediately by a request upon the local railway to extend its lines, and without such extensions it will be found that the city itself will be very slow to make expenditures for the improvement of the streets and sewers, water mains, etc., and next to impossible to get the gas and other companies to extend. In support of this statement some figures in regard to Boston are very instructive, showing, as they do in the case of Brookline, a suburb of Boston, that in the thirty years from 1855 to 1885 the increase was, with the introduction of the street railway, thirty millions. Another case that will illustrate this has occurred in Brooklyn. During the year 1896 one of the roads constructed an extension some three miles in length through an entirely new territory, where the streets for blocks had not been cut through and no improvements whatever made to the adjoining property. To-day, less than a year since the road was opened, there have been over 500 houses constructed (nearly all of them being occupied as soon as completed) on the line of this street and adjacent side streets. If it had not been for the railroad extension not one of these houses would have been built, and it can be readily seen that it is not the railroad company which will reap the first benefits but the city, which will have increased its assessment roll not less than \$3,000,000 in the present year and the opportunity given to hundreds of individuals of finding comfortable homes."

So much has been said by American advocates of Municipal Ownership commendatory of the

course pursued by Glasgow in acquiring and operating street railways, gas, water and electric light plants, that what is said in answer must necessarily prove interesting and possibly instructive. For this reason, and the fact that Mr. Polk of the Des Moines City Railway Company based his declarations upon statements gathered from correspondence with Mr. Young, the general manager of Glasgow's street railway system, it will repay the student of Municipal Ownership to read the following additional extract from Mr. Polk's address:

"Glasgow is the only city in the world that furnishes any consolation to the advocates of Municipal Ownership—or, as some choose to term it, Municipal Monopoly. No advocate of Municipal Ownership, whether he be professor, lawyer or preacher, fails to dish up to his hearers its merits, whether imaginary or real, with fulsome and extravagant praise. They all clamor for Glasgow's methods and Glasgow's conditions, and blindly and fervently pray for their adoption in America. Their eyes are fixed on Glasgow as were the eyes of the wise men of the East on the Star of Bethlehem. They speak of Glasgow as the grand, the glorious city, the Emmanuel, the savior of municipalities.

"Glasgow is one of the richest and the second most populous city in Great Britain. It and its suburbs have a population of over 1,000,000. It is one of the royal burghs of Scotland, and is governed by a Lord Provost, or Lord Mayor, who is elected for three years by the council, from their own number, and by seventy-five councilmen elected by the qualified suffrage of its property owners. No man is eligible to any one of these offices, unless he is

blessed with much of this world's goods. No citizen of Glasgow is entitled to vote for councilmen who has not the requisite property qualifications. This condition is intensified, as Mr. Shaw, the author of 'Municipal Government in Great Britain,' tells us, by the fact that if a voter has property in more than one voting district he can vote in each, or, in other words, he becomes a repeater. Less than one-half the citizens of Glasgow can vote.

"The government is a government of the rich, and not one of the people. The poor man has no voice or vote therein. He is in Glasgow as much a serf as he is in Russia. When you ask for the cause of Glasgow's success in running its public utilities, you are pointed, with pride, to the fact that none but property owners can vote, and none but the rich and powerful are eligible for office. They tell you that no city can be run economically and successfully on any other plan."

Professor Bemis' main argument in behalf of Glasgow's acquisition and operation of a street railway system appears to be embodied in the statement that the city has made large profits; that its reports show it carried during eleven months of 1895 57,104,647 passengers, during which period the excess of receipts above operating expenses, taxes and interest amounted to £24,204; that during eleven months of 1898 the roads carried 106,344,437 passengers and the excess of receipts above operating expenses, taxes and interest amounted to £82,149. Yet if Glasgow has accomplished these results by enforcing a property qualification upon

voters, by intrusting the management of its municipal affairs to councilmen who are men of recognized ability and integrity, it will be seen at a glance that these conditions cannot be paralleled in many cities in the United States under the present political system.

VII.

EXPERTS DISAGREE.

Prof. Bemis' five reasons for advocating the city ownership of railroads—Statements by President Herbert H. Vreeland, of the Metropolitan Street Railroad Company, of New York City—Boston's \$5,000,000 subway—New York to acquire a \$35,000,000 subway in fifty years.

"Christianity agrees with Socialism in recognizing the mutual dependence of men, and classes of men, on each other, and in seeking a larger diffusion of virtue, intelligence, political power and wealth; but it differs from Socialism in putting first, both as an end in itself and as a means to social reconstruction, the reconstruction of the individual.

"For the maintenance of industrial order Christ enunciates two fundamental principles—the law of service and the standard of values. Industrial peace is to be brought about not by a well-balanced conflict of self-interest, by capital buying labor in the cheapest market and labor selling itself in the highest market, but by a frank reorganization of partnership between the power of the brain and the power of the muscle, which should be united in the community as they are united in the individual, and should work together for the largest service to humanity; not the greatest acquisition of wealth, but the greatest development of mankind. Brotherhood certainly does not mean that all men are equal: Christ says 'He that is greatest among you shall be your servant.' It does not mean that all men shall render the same service and receive the same rewards. Christ in the Parable of the Talents, says: 'He gave to one man five talents, to another two, and to another one; to every man according to his several ability.'"—Dr. LYMAN ABBOTT in "Christianity and Social Problems."

Professor Bemis in his argument for Municipal Ownership makes these claims:

"The greatest advantage of Municipal Ownership is its tendency to relieve communities from corrupting relations with men of wealth.

"Our rich and influential citizens, whose financial interests as investors in franchises now prompt them to desire weak or corrupt government, would under public operation have no financial interests at stake, except as taxpayers, and in that capacity would desire efficient administration.

"Another reason for Public Ownership is its ten-

dency to give higher wages and shorter hours to workingmen, and to permit their membership in labor organizations.

"A fourth reason for the Municipal Ownership and operation—Under private ownership thousands of owners of suburban land are made rich in every city by the increase of land values through the construction of street railways, gas works, electric light and telephone wires, as well as by water mains, street paving and sidewalks. There would be no injustice, but the greatest public advantage, under Public Ownership, in paying for these extensions by special assessments on the increased value of these suburban lots."

"A fifth reason for Municipal Ownership and operation arises from the acknowledged tendency of such management to render service at the lowest price consistent with payment of a low rate of interest, and perhaps the accumulation of a sinking fund that shall ultimately render unnecessary all interest charges, while the natural tendency of private operation is to charge such a price as will give the highest net profit.

"Finally, and as a result of the tendency of public operation as just spoken of, the argument from experience and statistical comparisons of public and private plants similarly situated is, on the whole, favorable to municipal undertakings of the character under discussion."

That is the summing up of the case for Municipal Ownership by its chief spokesman. To the unbiased student of this question, to the searcher after

facts, Professor Bemis' "reasons" must be regarded as largely theoretical, and therein unsatisfactory and disappointing.

Where, for instance, are his figures, his facts, if there be any, showing "by experience and statistical comparisons of public and private plants," that the Municipal Ownership of railroads is desirable from the private citizen's point of view? The facts, and not theories, are required for public information. And this is what the Professor has to say, in answer to any demand for facts, so far as actual Municipal Ownership in the United States is concerned, when his statements are sifted:

"The only example of city ownership and operation of a street railway on the continent, aside from that over the Brooklyn Bridge, is that at Port Arthur, Ontario, a place of only 2,698 population in 1890. The road is too small, of course, to present many lessons or any evidence of financial success. On an average, each passenger rides three miles, and pays 5 cents fare. * * *

"In 1897, the last year for which an official report (of the Brooklyn Bridge Railway) is at hand, the total cost of transportation for the nearly 46,000,000 passengers in that year was apparently about \$200,000 less than the receipts."

Having heard one of the chief advocates of Municipal Ownership the public will naturally desire to hear what the defenders of the corporations have to say.

H. H. Vreeland, President of the Metropolitan Street Railroad Company of New York, is credited

in the *Independent* of May, 1900, with the authorship of a contribution headed "The Failure of Municipal Ownership." The article in question has been widely discussed, probably because of the impression that it is a fresh contribution to the controversy over Municipal Ownership, made by one authorized to act as spokesman for the private corporations. As a matter of fact, the greater part of Mr. Vreeland's contribution to the *Independent* appeared in a paper which he read before the New York State Railway Association in 1897, and to this has been added a long extract from an address made by Robert P. Porter, at Syracuse, in September, 1899. The President of the Metropolitan Street Railroad Company does not make any materially new contribution to the dispute between those who advocate and those who oppose Municipal Ownership.

In his recent paper, as in the one read by him before the State Railway Association in 1897, Mr. Vreeland deals with the claim made by the Association for the Public Control of Franchises four years ago, in these words, which he characterizes as "recent" utterances:

"According to the most conservative authorities, half the city's revenues could be derived from its street car, gas and other franchises. In this event, taxes upon private and personal property would be cut in two."

Commenting upon this extravagant claim, the establishment of which is not necessary to prove that Municipal Ownership may be in the interest of municipalities, Mr. Vreeland quotes the report of the Controller for the year ending August 1, 1897,

and from these figures builds up an argument to the effect that the acquirement of the street railroads could not result in the reduction of taxes by one-half, and further, that the City of New York is not in a condition to acquire franchises that would cost "about \$295,000,000." It does not require any argument to show that the demolition of the extravagant claim which Mr. Vreeland attacks fails to substantiate his assertion that Municipal Ownership would be a failure. For to make good his assertion he must prove that the municipality cannot own and operate street railways successfully. That he does not do.

Mr. Vreeland says in his contribution to the *Independent*:

"Results of recent investigations by the State of New York and the State of Massachusetts all tend to the same conclusion establishing the superiority of private ownership."

In 1900, as in 1897, Mr. Vreeland quotes the following from a report made by a legislative committee of the State of New York:

"The preponderance of testimony taken and the majority of opinion expressed before this committee are against the subject so commonly referred to as Municipal Ownership. It is obvious, under our present system of municipal government, the ownership and operation of railroads by the cities and municipalities would have a tendency to convert these enterprises into powerful political machines, the results of which would be detrimental to the public welfare. Under all these conditions and

circumstances it would seem that the ownership and operation of street railways by the municipal authorities is quite impracticable at the present time. As an abstract proposition, we believe that no government, national, state or municipal, should embark in a business that can be as well conducted by private enterprise. The reverse of this proposition carried out to a logical conclusion would put all business enterprises under governmental management and control and leave to no citizen any hope, ambition or aspiration beyond that of seeking an official position that affords a meager existence."

Solely with a view to setting Mr. Vreeland right and removing erroneous beliefs created by a statement in the second paragraph of his paper, it may be stated as a matter of fact that the report from which he quotes was not made recently; it was made in 1895. And the quotation in question may not be regarded as convincing when it is remembered that the Legislature of 1895 was not conspicuously virtuous, nor was it generally looked upon as a champion of measures in the best interests of the people.

Since that report was made some things have happened which would probably have received notice in Mr. Vreeland's recent contribution to the *Independent* if he had cared to revise the paper originally written in 1897. For instance, the Legislature of this state has, under the leadership of a professedly conservative Republican Governor, enacted a law making the City of New York the ultimate owner of a \$35,000,000 railroad tunnel. Con-

troller Coler, in his book on "Municipal Government," says of this act:

"As you are doubtless aware, the contract for the construction of the Rapid Transit Railroad provides for its completion by the contracting company for a specified sum to be named in the bid. This sum is to be paid by the city to the contractor from time to time as the work progresses by the issue of bonds. The same contracting company is bound by the terms of the contract, and under heavy bonds, to operate the road for a term of fifty years, paying to the city as a rental the annual interest on the bonds issued and 1 per cent. additional for the purpose of establishing a sinking fund for the liquidation of the bonds at the expiration of the lease.

"Thereafter the road becomes the unincumbered property of the city. A more advantageous contract can scarcely be imagined. Here is a case where the bonds issued by the city are in no real, practical sense a debt at all. There is absolutely no burden thrown upon the taxpayers; on the contrary, the city will ultimately acquire, without cost, an asset of inestimable value."

As to Mr. Vreeland's assertion that the results of "recent" investigations in this state and Massachusetts tend to establish the "superiority of private ownership":

In 1895, the Transit Commission of Boston began the building of a subway in that city for the use of street cars. The Legislature had authorized the treasurer of the City of Boston to issue and sell

"bonds registered or with coupon attached, as he may deem best, in the name and behalf of said city to an amount not to exceed \$7,000,000." This issue was to defray the cost of the construction of the Boston Municipal Subway.

Speaking of the personnel of the Transit Commission and the cost of the subway, Secretary Beal said to the writer:

"The subway has cost less than \$5,000,000 and I believe that this is largely due to the character of the Transit Commission. There are no professional politicians on the commission; it is composed of public-spirited men of means, not dependent upon their salaries. As a matter of fact, the commissioners have not drawn all the money due to them."

The municipal subway on which work was begun March 28, 1895, was opened to the public for travel in September 1, 1897. It has proved to be a complete success, and engineers say it is one of the finest subways in the world.

The Boston Transit Commission made a contract with the West End Street Railway Company shortly after the subway was completed, the main clauses of this contract reading as follows:

"The compensation—The compensation per annum to be paid in quarterly payments is a sum equal to 47-8 per cent. of seven million dollars, or 47-8 of the net cost of the subway if such net cost shall be less than seven million dollars. It is also provided that the compensation for any quarter of a year after the company shall have acquired the use of all portions of the subway shall not be less than a sum computed by charging a toll of 5 cents for each passage through the subway of a car not exceeding 25 feet in body length, and a proportionately greater charge for cars of greater length, it being understood that any car which enters or passes through the subway

or a portion thereof in one direction and then reverses its direction within the subway and makes a round trip is to be considered as making two passages.

"Equipment—The company is required to equip the subway with tracks, wires, appliances, fixtures, machinery, furniture and apparatus adapted thereto and necessary for the convenient maintenance and operation of a railway therein and for the safety and accommodation of the passengers upon said railway."

Speaking of the revenue derived from the leasing of the subway to the railway company, one of its officers, who accompanied the writer on a visit of inspection, said:

"It is estimated that the compensation to be paid annually, being $4\frac{7}{8}$ per cent. of the net cost of the subway, will be sufficient to meet the annual interest on and sinking fund requirements of the bonds which have been issued for the construction of the subway. Those bonds run for a term of forty years. Some of them are 4 per cent. bonds and some are $3\frac{1}{2}$ per cent. bonds, and they have been issued at various premiums, which premiums have been paid into the sinking fund. The average rate at which money for the construction of the subway has thus far been borrowed by the city is less than $3\frac{1}{2}$ per cent., leaving about $1\frac{3}{8}$ per cent. to provide for sinking fund requirements."

The construction of the Boston Subway and its ownership by the city demonstrate that a municipality can do some things quite as well as private corporations, that is if the servants of the municipality are honest and capable. There was no cheap work done on the Boston Subway; it was built substantially and thoroughly, yet without waste of money. Instead of costing the \$7,000,000 author-

ized to be expended upon this great work, it has cost considerably less than \$5,000,000. The opposition to the project was fierce; it was opposed by railroad, gas and telephone companies, business men, patriotic citizens who said its construction would destroy a large portion of the historic Boston Common, and by many others who believed the subway would be a long black, foul-smelling tunnel in which accidents would be numerous. It was predicted that it would cost millions for the removal of water mains, sewers, conduits and gas pipes. It really cost about \$142,000 for the changing of pipes and sewers. Three hundred trees were cut down along the edge of the Common, but it is as attractive as ever. Any attempt to go back to old methods of transportation and to close the subway would lead to another Revolution in Boston.

VIII.

A BIRD'S-EYE VIEW OF THE FIELD.

Convincing arguments in behalf of Municipal Ownership difficult to advance by its advocates—Results of experiments in some American cities summed up—Venality and incapacity are doubtless measurably responsible for failures—How western states encourage Municipalization—Fifty-six railroads at one time in the hands of receivers.

It must be apparent to all who have read these letters that abundant evidence has been presented to make it quite clear that the prominent advocates of Municipal Ownership consider it but incidental to the larger things they have in mind as indicated by Dr. Abbott's enumeration of the functions on which government is entering. All have their eyes turned in the direction of Wealth, some addressing to it words of menace, others words of warning.

As Municipal Ownership is the subject under immediate consideration, the writer recognizes that it would be an unwarranted digression to deal with any of Dr. Abbott's declarations save the one in which he holds that "the sooner our cities own the lines of railroads, the better both for the convenience of the people and the purity of our municipal governments." Similar assertions have been made by advocates of Municipal Ownership, but assiduous search for the statistics, the facts, if there be any, upon which these assertions are supposed to be based, have failed to materialize.

The real facts in evidence are that professional advocates of Municipal Ownership who have in-

vestigated the experiments tried in most of the cities where it has proved a failure, attribute the failure to a lack of purity and competency in municipal administration; notably in the case of the experiment made in Philadelphia, the Common Council of which was branded as venal by Professor Bemis and other leading spokesmen for the Municipal Ownership idea.

It is frankly admitted by Professor Bemis and his associates that they cannot advance any convincing arguments based upon statistics gathered in the United States. In this country the experiment has been tried with two railroads owned and operated by municipalities. One experiment was a flat failure, the other far from satisfactory. In neither case did the ownership of these roads purify municipal government or satisfy public demands.

Municipal Ownership of gas and electric light plants has been tried in many small cities and a few large ones with indifferent success in some cases and disaster and scandal in many others. Referring to comparisons relating to the running of electric light plants, Professor Bemis says:

"Even after all care possible has been exercised to secure fair comparisons between private and public plants, it still must be admitted that the comparisons relate only to the relative cost to the taxpayers and consumers, and do not directly touch the question propounded by Professor Perrine, as to whether Private or Public Ownership procures the production of electric light with the least ex-

penditure of human energy, by reason of utilizing the best adapted machinery and other equipment, and by the least waste and best supervision of operation."

Chicago and Detroit are pointed to by the advocates of Municipal Ownership as cities which have demonstrated that municipalities can light their streets as well and at less cost than would be the case where they to rely upon private companies. It has not been clearly established, however, that these cities are doing all that is claimed, although the fact remains that the taxpayers of Chicago and Detroit seem to be satisfied with the operation of these municipal electric light plants. Many gasoline lamps are still used in the lighting of Chicago's outlying wards, and a private company is furnishing the city some of its lights at \$103 per lamp.

The opponents of Municipal Ownership point to Philadelphia as a large city, demonstrating at a heavy cost to its taxpayers that a municipal gas plant could not be run economically and without scandal by politicians under the present political spoils system. It has been shown conclusively that a large portion of the force employed on the Philadelphia municipal gas plant was made up of ward heelers, faithful only in their allegiance to a political boss. Professor Bemis, referring to the abandonment of the operation of the Philadelphia municipal gas plant after sixty-two years of public ownership and fifty-six years of public operation, declares:

"The works under public operation would have

shown better results than were obtained had it not been for the spoils system, general inefficiency and unprogressiveness."

The experience of Hamilton, O., is adduced as a typical illustration of the failure of the Municipal Ownership idea when applied to small cities. Francisco says Hamilton owned city water works in 1884 costing \$315,000 and started a municipal gas plant costing \$160,000 in 1889; in 1895 an electric light plant was established at a cost of \$100,000. The \$575,000 cost of these plants was met by the selling of city bonds. The city clerk says:

"The threat to shut down the electric light plant is because they are out of funds. Hamilton of all the cities in the United States has been most afflicted with the Municipal Ownership craze, and now having its fill on theory is reaping the results, and we must bear and grin as best we can under adverse circumstances. We are deluded in the belief that we have cheap water, gas and electric light. When we add to these luxuries the fact that we have so raised the rate of municipal taxation until it has become burdensome, and then compare with other cities of our size we find we are not as well off as we think."

"The city not being able to meet its obligations, Judge Crane as attorney filed a petition for 'a receiver' for the City of Hamilton, alleging ten grounds in support of the application, viz.:

"That the city is on the verge of bankruptcy."

"That the city has refused to pay past debts which are a year overdue."

"That the city has defaulted upon various bonded debts."

"That the credit of the city grows worse each month."

"That through extravagance, more money is expended than the resources of the city will permit."

"That the city is more severely taxed than any other in Ohio," etc.

Most of the failures of Municipal Ownership and operation in the United States have doubtless been due either to the incompetency or venality of public officials. The *Municipal Railway Record* of New York, a journal which does not approve of the Municipal Ownership idea as applied to railroads, nevertheless furnishes the following evidence that owners of railroads are often no better business managers than some of our public servants.

"Even with the great increase of the business of the railroads of the country, following upon the great industrial boom, only about one-third of the railroad stock paid a dividend to its holders. The report of railway statistics for 1898, compiled by the Interstate Commerce Commission, shows that 11 roads went into the hands of receivers against 45 taken out."

It is but fair to say at this point that Municipal Ownership seems to have about as good a record as a large percentage of our railroads. The opponents of Municipal Ownership point to the failure of Philadelphia in running its gas works, while on the other hand the advocates of City Ownership direct attention to the numerous wreckings of railroads, the most recent example of reckless management being furnished when the once prosperous Third

Avenue Railroad of New York was placed in the hands of a receiver, and shameful transactions disclosed.

The history of some of the wreckers or corporations is as black as that of plunderers of municipalities. Boss Tweed was placed behind prison bars because of his crime against a great municipality. But who has ever heard of the imprisonment in this country of a wholesale despoiler of railroads? In Tweed's day two Wall street operators, by trick and device, aided by Supreme Court Judges who were subsequently impeached and removed, obtained possession of a great railroad. Alarmed by the menace of criminal prosecution they made restitution of nearly \$10,000,000 to stockholders who had been despoiled, yet they held on to the road, ground out new stock without authority of law, and then had the issue legalized by a corrupt legislature controlled by Tweed. He died in prison, but they lived to enjoy their ill-gotten gains and to flaunt their wealth in the faces of people who knew them to be eminent robbers.

Despite its failures in various cities it is true that out West the Municipal Ownership idea has, as Mr. Bryan says, arisen almost to the dignity of a national issue, and several states have conferred upon cities the authority to build or acquire and operate gas, electric light and in some cases railway plants. In a paper contributed by Professor Parsons to Professor Bemis' *Municipal Monopolies* the following statements are made, showing what

states have done in the way of encouraging municipalization:

"Ohio permits any city or town to erect or purchase gas works, and gives to cities the right to supply gas to consumers in competition with private gas companies.

"In Iowa cities or towns may supply their inhabitants with light or water from municipal plants."

The Indiana statutes of 1896 provide that in cities of 35,000 or more population, the Boards of Public Works shall have power to purchase or erect by contract or otherwise, and operate, gas works, electric light works, street cars and other lines for the conveyance of passengers and freight, telegraph and telephone lines, steam and power houses, and lines to supply the city and its inhabitants.

Kansas confers upon municipalities the authority to build or buy gas, electric light or power, water or heating plants and to supply inhabitants.

Similar powers are conferred upon municipalities by the State of Missouri.

South Carolina, in the Constitution of 1895, declares that any city or town may, on a vote of a majority of its electors, build or buy water works or light plants and supply its inhabitants.

Wisconsin gives to municipalities the right to build or buy and operate water works and street lighting plants.

Minnesota gives to municipalities, on a two-thirds' vote, the right to buy at eminent domain value, and to operate gas, electric light, street railway, water, telephone, heat or power works.

Five states have general laws empowering muni-

cipalities to own and operate street railways. Ten states have general laws authorizing municipal telegraphs or telephones, or both, and in five of the states the power is commercial.

As to the value of figures presented by the friends of Municipal Ownership and its opponents, Professor Bemis says:

"It is indeed difficult to gather statistics of any value upon electric and gas lighting. The bias of the investigator, the secretiveness of the private companies, the poor bookkeeping of many of the public companies and the fact that the conduct of a public plant, especially one united with a water plant, does not require the keeping of accounts in the way most conclusive to comparisons with other companies, account for the well-grounded distrust of most lighting statistics."

PART THREE.

WORKERS OF THE TRUSTS.

I.

An industrial and social study showing that the organizers of colossal business undertakings are not always financial giants—The achievements of an office boy and an ex-reporter—How the whiskey trust was formed.

In the far-reaching and often fierce controversies over Trusts, which have largely engaged the attention of the people of this country during the last four years, much has been written and said concerning The Workers, the sons of toil, who, on the one side, it is said, have received substantial benefits from these great aggregations of capital, and on the other side are declared to be the victims of hardships caused by new financial and industrial conditions. There is, undoubtedly, a measure of truth in both declarations, for some workingmen have been benefited and others injured by the formations of these ever-growing trusts. But it is not the intention of the writer to join in this controversy; his purpose in this brief industrial study being simply to direct attention to The Workers of The Trusts, the Organizers and Promoters of corporative enterprises, some of whose methods have wrought great havoc with the bank accounts of confiding

investors—to show how they have given an impetus to the new Socialism.

The Workers of The Trusts, modestly remaining behind the scenes, as they direct the great industrial combinations which have caused the financiers of the world to turn their eyes toward the United States frequently in amazement because of the gigantic character of these new business enterprises—these cunning Workers seem to have hitherto escaped general observation. One might well be excused for fancying these Workers to be giants intellectually, prodigies in whose presence the ordinary individual would appear as a pigmy. And yet in the light of recent developments a general delusion has been dispelled. For we have learned from the New York State Superintendent of Banking that one of these launchers of colossal business undertakings was no more nor less than a clerk, but none the less a remarkable clerk, a clerk who has demonstrated his ability to secure a loan of \$2,000,000 from the State Trust Company. The New York *World* produces the proof of this extraordinary statement, showing how the loan was secured by printing the following letter:

May 16, 1899.

To the State Trust Company:

Gentlemen—Please take up and pay for 20,000 shares of the preferred stock of the Electric Vehicle Company, which will be delivered to you by that company at par, and hold same for my account. I will reimburse you on demand for the amount paid with 4 per cent. interest from the date of payment and all expenses, including revenue stamps

DANIEL H. SHEA.

We hereby guarantee the performance of the above promise

P. A. B. WIDENER.
THOMAS F. RYAN.

The Daniel of Scripture days entered a den of lions and came out unscathed. A modern Daniel, a young clerk at that, plays with the lions of the State Trust Company and retires with \$2,000,000. Surely this is a modern miracle.

Turning from the clerk's \$2,000,000 transaction to another business undertaking, involving \$1,500,000 and possibly \$2,000,000, we may find other Workers of the Trusts whose individualities are calculated to dispel the illusion that these promoters of great industrial enterprises are giants of finance and intellect. For instance:

A few years ago, Henry D. Macdona was favorably known to members of the newspaper fraternity as a bright reporter, employed from time to time on various New York City newspapers. Being a tactful, well-informed, discreet and industrious worker, he secured employment under the management of a powerful corporation, in which William C. Whitney is the controlling spirit. Newspaper men said his duties were in the nature of a press agent; at all events, he did not rank with the managers of the corporation which employed him, and his salary was estimated by his former associates to range from \$5,000 to \$7,000 per annum. On January 14 of the present year the morning papers printed a long story containing the complaint of Abram Kling to the effect that the State Trust Company had made excessive loans, and in specifying the loans in question Kling said:

"Your petitioner further represents that the laws applicable to trust companies forbid any trust com-

pany from loaning any moneys directly or indirectly to any director or officer thereof, but notwithstanding such provision, three of the loans aforesaid were virtually made to directors of said company; that the said loan of \$2,000,000, ostensibly to one Daniel H. Shea, was in reality a loan to William C. Whitney, Thomas F. Ryan, P. A. B. Widener and A. N. Brady, for whose benefit and at whose instance it was negotiated, said Shea being a mere servant or employee of said Ryan or of said syndicate."

Kling attacked other loans, and in specifying what he called "the securities for which are of doubtful value, or without ready market," included in the list the following:

"Henry D. Macdona, 1,300 shares Distilling Company stock, and 1,600 common of same, as collateral for loan of \$40,000."

Macdona's prominence in the field of great business enterprises seems to equal that of the clerk Shea, for I find in a pamphlet, bearing date "New York, June 21, 1899," the following introduction to a "Deposit Agreement":

"Whereas, P. Lewis Anderson and Henry D. Macdona, both of the City and State of New York, hereinafter called organizers, purpose to create under the laws of the State of New Jersey or some other state to be approved by the counsel of the organizers, a corporation to be known as the Distilling Company of America (or some other name satisfactory to the organizers), hereinafter called the Corporation, the object of which corporation shall be, among other things, the manufacture, sale, dis-

tribution and warehousing of whisky, spirits and alcohol, which corporation shall have an authorized capital stock of one hundred and twenty-five million dollars (\$125,000,000), consisting of fifty-five million dollars (\$55,000,000) preferred stock, evidenced by five hundred and fifty thousand (550,000) shares of seven (7) per cent. cumulative preferred stock, and seventy million dollars (\$70,000,000) common stock, evidenced by seven hundred thousand (700,000) shares of common stock."

The foregoing indicates the initial steps taken by the ex-reporter and a former clerk in the direction of forming the Whisky Trust. The companies which composed the trust formed consisted of the American Spirits Manufacturing Company, Kentucky Distilling and Warehouse Company, Spirits Distributing Company, Standard Distilling and Distributing Company. P. Lewis Anderson, fellow organizer with Macdona, represented the whisky companies.

The Whisky Trust was formed despite the protests of some of the minority stockholders. On July, 1899, the Distilling Company's preferred stock was quoted at 59 bid, 61 asked. The common stock sold at 21 bid and 23 asked.

On March 12, 1900, the quotations were 7¼ bid for common stock and 7½ asked. For preferred stock 28 bid and 28½ asked—52 points less for common stock and 14 less for preferred stock than could have been secured a trifle over a year ago.

It was alleged by some of the minority stockholders of the Whisky Trust that the promoters of

this organization received in return for their work of forming the \$125,000,000 whisky combine at least \$10,700,000 of preferred stock and \$13,360,000 of common stock, worth at that time about \$9,000,000. They instituted legal proceedings, with a view to ascertaining where the common and preferred stock in question had been placed, and the inquiry is still pending.

To even the inexperienced layman it must be very clear that \$24,000,000 of common and preferred Whisky Trust stock, sold at the prevailing prices in July, '99, would have netted several millions, and if the promoters had this stock and disposed of it at the time referred to, they are far better off than those who own the stock to-day.

The profits or losses of these Whisky Trust stockholders are of no concern to the writer, and I fancy to none of my readers. The writer is content with having shown how some of the Workers of the Trusts operate through figureheads. It may be of interest, however, to state that it has been charged that "the Whitney syndicate" were the real organizers of the Whisky Trust, and that they profited handsomely by the work of getting whisky manufacturers to combine; that the use of a large sum of money was required to perfect the work of organization.

Mr. Macdona, so it appears from the record, received a loan of \$40,000 on Whisky Trust stock from the State Trust Company, and it is not reasonable to assume that these figures represent all that he received for organizing a \$125,000,000 business enterprise. If the ex-reporter is not the possessor of a million or more dollars, then other Workers of Trusts have treated him in a miserly fashion.

II.

How a great flour trust failed to materialize—The interesting and instructive experience of a woman investor—A glittering and typical scheme.

It is generally conceded by politicians, Republicans and Democrats, that the Trusts will be one of the main issues of the Presidential campaign. Much will be said and written concerning them that cannot fail to prove confusing to the public mind, for they have their defenders as well as assailants. On the one side Mark A. Hanna and other Republicans of prominence have declared that while the Trusts are profitable to those forming them, these great business enterprises are, on the whole, likewise beneficial to the people of the country. Even such critics of Capital as ex-Governor Altgeld and Samuel M. Jones, the "Golden Rule Mayor" of Toledo, have repeatedly asserted that "the Trusts have come to stay"; that they are the natural outcome of evolution in business life; that the government must finally own them. On the other hand, William Jennings Bryan, and those who are in accord with his views, steadily denounce the Trusts as evils responsible for the infliction of widespread hardships and oppressions.

Amid all these confusing claims, the thoughtful and careful observer who is not bewildered by the noisy contentions of opposing politicians, and the strident vociferations of irrational reformers, may glean from the indisputable records made by the Trusts facts which will enable him to intelligently

estimate the merits and demerits of many of these tremendous aggregations of capital. Such an investigator will doubtless find that various Trusts have proved signally successful from a business standpoint, and in many instances have conferred benefits upon others than those who control them. But he will not proceed far in his study of the records before he confronts most conclusive and convincing evidence that many other Trusts have left a wake marked by the wreckage of private fortunes, the rifled cash boxes of small investors, plundered widows and orphans, credulous and victimized representatives of almost every walk in life. As the student of these records made by some of the Trusts pursues his studies he cannot fail to be impressed by the fact that in most cases where wreck and ruin have been wrought by these combinations of capital, the Workers of the Trusts, the organizers of them escaped unscathed while investors in great numbers were despoiled. For these reasons, and not with any intent to attack Trusts generally, but rather for the purpose of presenting a few notable facts which may serve such of my readers who are disposed to invest in these new enterprises without careful thought and inquiry—these lines are written.

The writer has told how an ex-reporter and an office clerk organized a \$125,000,000 Whisky Trust; how the preferred stock boomed by the promoters sold for 59 one year ago, and the common stock for 21; and one day recently the preferred sold for 28 and the common for 7½. Those facts and others

taken from the records tell a story which carries its own warning against placing reliance upon the glittering promises of one type of men interested in the formation of Trusts. Similar instances might be multiplied.

The older residents of New York will easily recall the days when the Lawrences, Waterburys, Marshalls, Walls, accumulated large fortunes as individual manufacturers of cordage. We all know what happened when, a few years ago, the Cordage Trust was formed, and the individual manufacturer, with the exception of ex-Mayor Fitler of Philadelphia, ceased to manufacture. The Cordage Trust did not last long; when it failed it ruined thousands of investors, but Mr. Fitler, withdrawing from the Trust in the early days of its operations to carry on his work as he had done in previous years, flourished and is still flourishing.

In the warehouse business the Pierreponts, Stranahans, Montagues, Beards and others identified honorably with the business interests of Brooklyn, accumulated a great deal of wealth. In 1895 the owners of the warehouses along the Brooklyn water front were induced to form a Warehouse Trust. Great profits were predicted. The capital stock was over-subscribed. Men anxious to secure stock stood in long lines in front of a Trust Company which had been designated to receive subscriptions; those who succeeded in placing their money were thought to have been singularly fortunate. The stock was quoted at high figures.

In February last an application for the appointment of Hugh Grant as receiver of the Warehouse Trust, the subsequent appointment of John F. Car-

roll, and the controversy consequent upon this appointment by Judge Fitzgerald, vividly recalled the glowing predictions made as to the supposed bright future of the warehouse combination and emphasized the shattering of the golden prophecies of 1895.

Recently there appeared in the news columns of the Brooklyn Eagle the report of a proceeding before Justice Jenks of the Supreme Court, which was headed:

"Big Flour Trust Declared a Swindle. Mrs. Jewell's Lawyer Says Hecker-Jones Concern Was Wrecked by U. S. Milling Company. Original Stock Now Desired. Mrs. Jewell Asks for a Permanent Injunction Restraining Transfer of Securities."

Being a layman, inexperienced in law, I shall not venture an opinion as to whether the Flour Trust was a swindle or a perfectly legitimate business enterprise. But it is fair to say at this point, that the names of some of the organizers of this Trust are esteemed in Brooklyn as men of good repute and high social standing. There are, however, some facts involved in this suit which demonstrate conclusively that even honest men may make grave miscalculations concerning desired profits, and that Trusts even when formed by honest men end in financial disaster. And these facts may serve as a warning to the inexperienced, who think they see in all Trusts a short road to big dividends and ultimate wealth.

In the year 1898 Ora M. Jewell was the owner of 340 shares of the preferred stock of the Hecker-Jones-Jewell Milling Company, also the owner of 250 shares of common stock and 22 bonds of the company which she valued at \$81,000. She declares in a sworn statement that she was induced by the promoters of the United States Milling Company, a proposed colossal Flour Trust, to transfer her stock to them, on the understanding that it would be "ready for complete working by the 1st day of February, 1899," otherwise the stock was to be returned to her. She asserts that the organization was not formed, that she has made a demand for the return of her stock, and that she has reason to believe that the said stock is to be transferred by its present possessors, the Central Trust Company, to a new corporation founded on the ruins of the United States Milling Company; that she wants to regain possession of her stock and bonds and cannot. Justice Jenks heard arguments for and against the issuance of a permanent injunction restraining the holders of Mrs. Jewell's stock from disposing of it contrary to her wishes.

In the merits of this point of the controversy the writer has no concern, but the agreement which Mrs. Jewell was induced to sign is of public interest, for it is a document which indicates the character of other allurements of the Trusts which have first captivated and then brought disaster to inexperienced investors. The agreement which Mrs. Jewell signed—apparently an almost certain guarantee of the return of large dividends—reads as follows:

"Stockholders' and Bondholders' Agreement.

"Hecker-Jones-Jewell Milling Company.

"It having been represented to the undersigned that Thomas A. McIntyre and various other persons identified with the flour milling interests in this country propose to organize a corporation under the laws of a state of the United States to have the following capitalization, to wit:

| | |
|--|--------------|
| Common stock, 125,000 shares, at \$100 each | \$12,500,000 |
| Preferred stock, 6 per cent. cumulative, 125,000 shares at \$100 each..... | 12,500,000 |
| First mortgage 6 per cent. consolidated gold bonds covering all the milling properties acquired..... | 15,000,000 |

"Such stock and bonds to be issued in acquiring properties and providing a working capital and in paying legal and other expenses, including profit to organizers, and reserving such amount as may be deemed necessary for future use of the company.

"That it is proposed that such company shall acquire the principal flour mills situated in Minneapolis and Duluth in the State of Minnesota; at Superior and West Superior cities, and at Milwaukee, in the State of Wisconsin, of the Hecker-Jones-Jewell Milling Company, having an estimated aggregate capacity of 90,000 barrels per day, or so many of said mills or others as may be considered advantageous by the organizers.

"That from the statements made by the various owners, it is estimated by the organizers that the yearly savings and economies to be made available

by placing the said mills under one management and ownership will amount to a large sum, at the very least, sufficient to pay a dividend of 6 per cent. on the entire common stock of the proposed company, and that the present combined net earnings of the said mills which the organizers purpose to acquire, are in excess of the amount necessary to pay the interest on said bonds, and the dividend of 6 per cent. on the preferred stock issued.

"Now, therefore, in order to facilitate and assist the said McIntyre and his associates in the organization of said corporation, and the acquisition of said properties, the accomplishment of which the undersigned deem for their best interest, and is an inducement for such organizers to procure the objects aforesaid, and also in consideration of the sum of \$1 paid to each of the undersigned by Thomas A. McIntyre, the receipt of which is hereby acknowledged, the subscribers hereto, holders of the stock and bonds of the Hecker-Jones-Jewell Milling Company hereby promise and agree, each for himself, and not for the other, to deposit with the Franklin Trust Company of New York, which is hereby designated as trustees hereunder for the organizers and the undersigned, the number of shares of the common stock and preferred stock, and of the bonds of the said Hecker-Jones-Jewell Milling Company, set opposite their names, whenever notified by mail so to do by the said committee herein appointed to carry out the provisions of this agreement, and receive for such stock and bonds the receipts of said Trust Company, certifying that they are received, and to be held and disposed of in accordance with the terms and spirit

of this instrument; each certificate of stock so deposited to have attached a properly executed power of transfer.

"The said Trust Company and said committee are authorized in case of said organization being carried into effect, to accept and exchange on behalf of the undersigned for the stock and bonds deposited hereunder, share for share, of stock of the same class, and bond for bond of like amount, of the securities of the new company, or for the negotiable receipts of a Trust Company, which is to deliver said new stock and bonds, should the same be delayed in execution.

"And the undersigned hereby constitute and appoint George H. Southard, William A. Nash and C. Gerhard Moller, or a majority of them, a committee and attorney with free power to act for the undersigned, and in their stead as their true and lawful attorneys to carry out the purposes and provisions of this agreement, and to consent and assist in the sale of the property and business of said Hecker-Jones-Jewell Milling Company, to the said proposed company as herein contemplated, and to consent and vote for the dissolution of the said Hecker-Jones-Jewell Milling Company, if it is deemed necessary; and the undersigned further agree to deposit with such stock powers of attorney and proxies, which shall be sufficient and in form to authorize and carry out the said organization, acquisition of properties, and generally fulfilling the terms of this agreement.

"It is further understood and agreed that in case the proposed corporation shall not be organized, and its bonds and stocks, or a Trust Company's

negotiable receipts therefor, shall not be ready for exchange by the first day of February, 1899, then the stock and bonds deposited hereunder shall be *returned* to the owners thereof; also that the receipts of the Franklin Trust Company, duly endorsed by the party in whose name the same are issued, shall be conclusive evidence of the title of the holder thereof to either the new securities or those deposited hereunder; also that the undersigned shall be put to no expense whatever by reason of their signatures hereto, the exchange of securities, or the services rendered by the said Trust Company or the committee and attorney aforesaid.

"New York City, August 22, 1898."

Ninety thousand barrels of flour daily. Six per cent. dividends. Your stock back if we do not perfect the organization described in the "agreement." All the big mills in the country to combine in the Flour Trust. Could anything be more alluring to an investor who has not had experience in Wall street?

The time for perfecting the Flour Trust was extended one year by consent of all parties. But on January 29, of the present year, so Mrs. Jewell swears she received "a printed circular purporting to come from Thomas A. McIntyre and others," reading in part as follows:

"Plan for the reorganization of the United States Flour Milling Company.

"A new corporation will be created under the

laws of the State of New Jersey, under the name (probably) of the Standard Flour Company."

Mrs. Jewell says further: "Said circular provides for the reorganization of the United States Milling Company and contemplates dealing with deponent's bonds and stocks of the Hecker-Jones-Jewell Milling Company without her consent." In the papers filed by Mrs. Jewell's counsel she makes a declaration under oath of which the following is a part:

"Deponent further respectfully calls the attention of the court to said agreement dated August 22, 1898, known as 'the stockholders' and bondholders' agreement,' which agreement states 'it is proposed that such company shall acquire the principal flour mills situated in Minneapolis and at Duluth, in the State of Minnesota, at Superior and West Superior cities and at Milwaukee, in the State of Wisconsin, of the Hecker-Jones-Jewell Milling Company, having an estimated aggregate capacity of 90,000 barrels per day, or as many of said mills or others as may be considered advantageous by the organizers.'

"And deponent avers that she is informed and believes that the total capacity of the United States Flour Milling Company is not 90,000 barrels per day or anything like that capacity, but has in fact a capacity of at most 39,000 barrels per day. (See prospectus attached to affidavit of Charles F. Martens). And said United States Flour Milling Company does not include the principal flour mills of Minneapolis, which are the Pillsbury-Washburn Company and the Washburn-Crosby Company, which have an aggregate capacity of 50,000 barrels per day, which is about half the capacity of all the spring wheat flour mills of this country.

"Deponent respectfully urges this court that while by the terms of the agreement some discretion and latitude as to the number and capacity of mills included in the United States Flour Milling Company might be given to the organizers and trustees, such discretion must be exercised in a reasonable and fair way, and deponent submits that the difference between 90,000 barrels per day and 39,000 barrels per day is too great to admit of a conclusion that such discretion was exercised in a reasonable and fair way."

Bartram Bros., representing 300 shares preferred stock of the Hecker-Jones-Jewell Milling Company; E. H. Dougherty & Co., 100 shares preferred stock and \$5,000 first mortgage bond; E. H. Dougherty, trustee, \$6,000 first mortgage bond; E. H. Dougherty, \$9,000 first mortgage bond; Donald S. L. Lee, 100 shares preferred stock; Jacob K. Draper, 50 shares preferred stock; V. Cairo, 65 shares preferred stock; R. D. Armstrong, 150 shares of preferred stock; John V. Hecker, 200 shares preferred stock, all joined in affidavits to the effect that they had learned that the referred-to agreement was not carried out; that the said United States Flour Milling Company did not acquire the principal flour mills of Minneapolis, and did not acquire the Hecker-Jones-Jewell Milling Company.

Promoter McIntyre put in an affidavit to the effect that Mrs. Jewell was fully informed as to what was to be done with her stock and that her son Edward, acting as agent for Mrs. Jewell, sanctioned all that was done.

Edward H. Jewell, 24 years old, swears positively that he did not know until January, 1900, that the Hecker-Jones-Jewell Milling Company was not included in the consolidation of the flour interests; that he never acted as the agent of his mother; that he was not her agent; that "Thomas A. McIntyre was a personal friend of deponent's father, who is now dead, and deponent thought said Mr. McIntyre would be a proper person to advise him whether it would be advisable for him (deponent) to purchase a seat in the Stock Exchange."

"That said McIntyre was one of the parties behind the circular or prospectus of May 13, 1899; * * * That said prospectus contains misstatements, misrepresentations and evasions, and that said McIntyre became the treasurer of the new company, and that it is now in the hands of a receiver admittedly insolvent, and that said McIntyre is now seeking through a reorganization agreement to perpetuate his influence and methods, and that finally, if the relief prayed for by this plaintiff is not granted the reorganization agreement may become operative and plaintiff's securities still further removed from her control.

"March 19, 1900."

Judge Jenks granted a permanent injunction pendente lite. The writer does not vouch for the charge made against Promoter McIntyre or the denial which he makes, and presents the foregoing as an extract from court records. In citing this case the sole purpose is to show a form of agreement that is often used in the proposed formation of Trusts and often broken by men who make similar promises to investors as will be shown later.

All of the foregoing may prove dull reading to those who have not the means, and possibly to those who have means but no desire to invest in Trusts. But there are others to whom this story may prove of service. For in this narrative they may discern some of the pitfalls into which the inexperienced and unwary may tumble—into which such persons may be led by well-meaning business men, and likewise by unscrupulous Workers of the Trusts.

III.

A \$30,000,000 malting combination which attracted attention by paying a dividend three months after beginning business—Two years later the deficit amounted to \$1,389,399.59—Dividends declared by "dead reckoning"—An object lesson.

In the course of a conversation concerning the Workers of the Trusts had with a well-informed lawyer, the latter said to the writer:

"If my business was not satisfactory I should remove to New Jersey, settle down there, cultivate the good-will of a Chancellor and Judges, and get ready to pluck a few big legal plums."

Asked to explain his reason for considering New Jersey a desirable place for residence, the lawyer replied:

"Well, there are over 250 great corporations, Trusts, most of them, that have been incorporated in New Jersey, each with a capital stock amounting to more than \$20,000,000. Many of these so-called Trusts are water-logged, and, inside of the next two years will go down. There will have to be receivers for these concerns, and receiverships will be well worth having. That is the main reason why I think that New Jersey is going to be a desirable place for lawyers."

It is true that quite a number of New Jersey so-called Trusts, organized to lure investors in this state, have already been wrecked, and it is fair to assume that a similar fate will overtake others which were not organized in accordance with sound business principles, and that were formed by the

Workers of the Trusts really for the purpose of filling their coffers alone. In the meantime, however, the unscrupulous Promoter will continue to look for easy victims, and multiply his promises of great profits to investors in his schemes. And he will doubtless succeed in many instances, for there are those who will not profit by the experiences of their fellows—must have their own bitter experiences before they learn to avoid the Workers of the Trusts. It is not to men of this type that these letters are addressed, for they are in the same class with the bucolic visitor to town who persists in his efforts to buy the confidence man's "green goods," despite all that has been printed.

The green goods man's circular inviting and so often winning the confidence of the credulous farmer is an amateurish production compared with the finished and captivating literary efforts of the experienced Worker of the Trust. There is not one of these plans for the formation of Trusts, drawn by the skillful hand of the kind of Promoter that I have in mind, which does not sooner or later prove conclusively that figures will lie, despite the oft repeated assertion to the contrary. And the prevalence of the credulity which blindly accepts the lying figures and golden promises of conscienceless promoters of Trusts is illustrated by the comment of a close observer of present financial conditions:

"Mark Twain made a great mistake when he gave to the public Colonel Sellers' great scheme for organizing an eye-water company, with a view to supplying a long-felt want, among the weak-eyed

natives of Egypt and adjacent lands. If Twain had not put forward this scheme as a humorous story, and had held it in reserve for these days, he would have had no trouble whatever in incorporating an Eye-Water Trust under the laws of the state of New Jersey, capital \$50,000,000, and on the watered stock accorded to him as a promoter might by a quick turn have made a million or more of dollars. Colonel Sellers' plan could have been set forth seriously in almost the same language which is credited to him by Twain, and in the shape of a printed agreement drawn for the signatures of investors, would without doubt have been signed unhesitatingly by hundreds of men who have subscribed to even more absurd documents."

Here is an instructive lesson: In 1897 it occurred to two enterprising and steadily active promoters that it would be a money-making scheme to organize a Malting Trust. In the *Commercial and Financial Chronicle* of New York, issued October 2, 1897, there appeared under the head of "General Investment News," an announcement of which the following is a part:

"American Malting Company—Malt Consolidation About Completed—New Securities.—The American Malting Company, with authorized capital stock of \$30,000,000, was incorporated this week under the laws of New Jersey, to consolidate over twenty malting properties."

"The following is an official statement:

"The organization of the American Malting Company has now been fully completed and the

transfer to it of over twenty of the largest and best appointed malt houses is practically completed, care having been taken to secure only such as by reason of their large capacity, their location and facilities for doing business can be operated at a minimum of cost.

"Malt is manufactured from barley and is indispensable in the operations of all brewers and vinegar and yeast manufacturers. It will be the aim of the company to manufacture only the highest grades of malt and to so systematize the business and curtail expenses as to manufacture the product at the lowest possible cost, and thus be enabled to increase profits without increasing cost to consumers."

The names of twenty-one large malting houses purchased by the company were attached to the foregoing, and then the "official statement" continued as follows:

"The company is authorized to issue \$15,000,000 7 per cent. cumulative preferred stock and a like amount of common, but there remains in the treasury \$2,500,000 of the preferred and \$1,250,000 of the common stock, together with \$2,000,000 as cash working capital.

"Expert chartered accountants after examination have certified that during the past five years of depression these concerns have earned net about \$1,300,000 per annum on a competitive basis. It is the opinion of the ablest men in the trade that the net earnings by reason of reductions in the cost of administration, etc., can be increased at least \$1,000,000 per annum. As the dividends on the \$12,500,000 preferred stock outstanding will re-

quire the payment of but \$875,000 per annum, the prospect of early dividends on the common would seem to be reasonably assured.

"Permanent organization will be perfected Saturday.

"Moore & Schley of this city are the bankers who have the consolidation in charge."

The Malting Trust was organized, and boomed in the newspapers. In three months after it began business it declared a dividend. There was a rush for the stock of the Trust. At one period its preferred stock sold for $87\frac{1}{2}$, its common stock for 37.

To-day its preferred stock can be bought for 25, its common stock for 5.

This great shrinkage in values of stock will, perhaps, prove mystifying to the reader who had had no business dealings with Trusts, and still more so when he learns that dividends were paid to preferred stockholders at the following rate:

| | |
|-----------------------|-----------|
| January 15, 1898..... | \$219,450 |
| April 15, 1898..... | 219,450 |
| July 15, 1898..... | 219,450 |
| October 15, 1898..... | 219,450 |

| | |
|----------------------------------|-----------|
| Dividends for the year 1898..... | \$877,800 |
| January 15, 1899..... | \$219,450 |
| April 15, 1899..... | 252,700 |
| July 15, 1899..... | 252,700 |
| October 15, 1899..... | 252,700 |

| | |
|----------------------------------|-----------|
| Dividends for the year 1899..... | \$977,550 |
|----------------------------------|-----------|

| | |
|---------------------------------------|-------------|
| Combined dividends for two years..... | \$1,855,350 |
|---------------------------------------|-------------|

Such figures seem to furnish convincing proof that the Malt Trust was a great money-making corporation.

In January of the present year a meeting of the directors of the company was held and a committee of keen business men was appointed to report on the condition of the Trust. That committee made a report on March 5, and disclosed in temperate, judicial language an astounding condition of affairs—a new and amazing way of paying dividends. The report says, among other things:

"Profits were determined and dividends declared by '*dead reckoning*,' a dividend having been declared within three months after business began."

That is to say, out of cash on hand dividends were paid on prospective profits figured out, and which did not materialize. In a note attached to the report is the following statement:

| | |
|------------------------------------|----------------|
| "Dividends paid amount to..... | \$1,855,350.00 |
| "Discount on bonds amounts to..... | 400,000.00 |
| | <hr/> |
| "Total | \$2,255,350.00 |
| "Profits as above..... | 865,399.39 |
| | <hr/> |
| "Deficit as on page 11..... | \$1,389,399.59 |

Another significant and illuminative part of the report from which I quote says:

"On organization of your company there was issued to a party who held purchasing options on certain malting plants, situated in different states,

\$13,740,000 of the common stock and \$12,500,000 of the preferred stock, which, with \$10,000 of the common stock, originally subscribed for in cash, represent a par total value of \$26,250,000, for which the company acquired all the plants stated in Schedule A, hereto annexed, and cash, as a working capital, the sum of \$2,080,000.

"The books of the company do not show any valuation for any individual plant or what price the selling maltsters received, but simply record that the stock, issued as above stated, was paid to the party above referred to for all the plants shown in Schedule A and for \$2,080,000 in cash."

So it seems that "a party," presumably a Worker of the Trusts, was handed over \$2,000,000 in cash and a large amount of securities, representing a face value of over \$26,000,000, for which he turned over several malting plants! And the books do not show what was paid for any individual plant, nor do they record the amounts paid to the selling maltsters!

Suppose that this promoter delicately referred to as "a party" had secured a number of options from owners of malting houses and had said to one:

"I will give to you \$300,000 for your plant; that is \$100,000 more than it is worth. Make out to me a receipt for \$500,000. You will get what you want. The remainder is my concern. If anyone questions you say I paid you \$500,000. You have no cause to complain, for I agree to give you far more than your plant is worth."

I have no knowledge that this was done, nor do I desire to intimate that it was done. I am merely supposing a hypothetical case for the purpose of

showing that in case no bona fide records of the sales to the Malt Trust were kept there was room for the perpetration of a great outrage upon the stockholders of the American Malting Company.

Does not the following cold analysis of the business methods of the former management of the Malting Trust place them in the category of Colonel Sellers' Eye-Water Trust?

"At the end of the company's fiscal year, December 31, 1898, computations of the company's profits were made for the first time. They covered a period of one year, two months and twenty days."

"After deducting \$877,800 for four quarterly dividends of $1\frac{1}{4}$ per cent. each paid on the preferred stock a bookkeeping surplus of \$198,649.79 was shown.

"This profit balance was obtained by crediting Profit and Loss account in the following manner: There was on hand at that date executory contracts for about 6,700,000 bushels of malt (nearly one-half of the company's annual business) manufactured and sold, but not delivered.

"It was computed that this malt when delivered would realize a profit of \$388,063.36, and this estimated amount was treated as a net profit, without deduction for administrative and incidental expenses."

It is no more than fair to the American Malting Company to say that the old management responsible for the conditions exposed was removed, and

that its affairs are now in the hands of practical and shrewd business managers, who say that the company was handicapped by "over-capitalization" and add:

"The condition of your company to invite credit, do business and meet competition is better than at any time since its organization."

But that mysterious Promoter, gently referred to as "a party," does not appear to be concerned in the present management, yet I doubt not that he will appear later in connection with the formation of other Trusts. For your Worker of the Trusts is an ever-busy man.

IV.

A glance at Col. Mulberry Sellers and some of his financial projects—His "Trust ideas" have been broadened and capitalized bounteously—The workers have made efforts to form pie, bread, beer, whisky, coffin, suspender, chewing gum, shoe-string, stockings, bedstead and many other trusts.

It has been suggested that before proceeding further in my story of the methods pursued by the Workers of the Trusts I should offer some proof in corroboration of the assertion that Mark Twain's Colonel Mulberry Sellers was one of the founders of this new Guild. The proof is at hand, and it may be well to deal with the humorous features of some of the Trusts under consideration in these letters before dealing with the serious, if not criminal aspects of unbusinesslike transactions which every now and then either startle communities or arouse deep indignation.

In one of his confidential moods, while addressing his young friend, Washington Clay, who had gone to Washington in search of a fortune, Colonel Sellers, after finding that the young man had but \$18 to invest, said:

"Well, all right; don't despair. Other people have been obliged to begin with less. I have a small idea that may develop into something for us both, all in good time. Keep your money close and add to it. I'll make it breed. I've been experimenting (to pass away the time) on a little prepara-

tion for curing sore eyes—a kind of decoction nine-tenths water and the other tenth drugs that don't cost more than a dollar a barrel; I'm still experimenting; there's one ingredient wanted yet to perfect the thing, and somehow I can't just manage to hit upon the thing that's necessary, and I don't dare talk with a chemist, of course. But I'm progressing, and before many weeks I wager the country will ring with the fame of Beriah Sellers' Infallible Imperial Oriental Optic Liniment and Salvation for Sore Eyes—the medical wonder of the age! Small bottles 50 cents and large ones a dollar. Average cost, 5 and 7 cents for the two sizes. The first year sell, say, 10,000 bottles in Missouri, 7,000 in Iowa, 3,000 in Arkansas, 4,000 in Kentucky, 6,000 in Illinois, and say 25,000 in the rest of the country. Total, 55,000 bottles; profit clear of all expenses, \$20,000 at the very lowest calculation. All the capital needed is to manufacture the first 2,000 bottles—say \$150—then the money would begin to flow in. The second year sales would reach 200,000 bottles—clear profit, say \$75,000—and in the meantime the great factory would be building in St. Louis, to cost say \$100,000. The third year we could easily sell 1,000,000 bottles in the United States and——”

“O, splendid!” said Washington. “Let's commence right away—let's——”

“—1,000,000 bottles in the United States—profit at least \$350,000—and then it would begin to be time to turn our attention toward the real business.”

“The real idea of it! Ain't \$350,000 a year a pretty real——”

“Stuff! Why, what an infant you are, Washing-

ton—what a guileless, short-sighted, easily-contented innocent you are, my poor little country-bred know-nothing! Would I go to all that trouble and bother for the poor crumbs a body might pick up in this country? Now, do I look like a man who—does my history suggest that I am a man who deals in trifles, contents himself with the narrow horizon that hems in the common herd, sees no further than the end of his nose? Now you know that that is not me—couldn't be me. You ought to know that if I throw my time and abilities into a patent medicine, it's a patent medicine whose field of operations is the solid earth! its clients the swarming nations that inhabit it! Why, the Republic of America for an eye-water country? Lord bless you, it is nothing but a barren highway, that you've got to cross to get to the true eye-water market! Why, Washington, in the Oriental countries people swarm like the sands of the desert; every square mile of ground upholds its thousand of struggling human creatures—and every separate and individual devil of them's got the ophthalmia. It's as natural to them as noses are—and sin. It's born with them, it stays with them, it's all that some of them have left when they die. Three years of introductory trade in the Orient, and what will be the result? Why, our headquarters would be in Constantinople and our hindquarters in 'Farther India!' Factories and warehouses in Cairo, Ispahan, Bagdad, Damascus, Jerusalem, Veddo, Peking. Bangkok, Delhi, Bombay and Calcutta! Annual income—well, God only knows how many millions and millions apiece!"

Thousands have laughed over Colonel Sellers' financial vagaries, yet careful scrutiny of many of the multitude of enterprises put forward by the Workers of the Trusts during the last three years and backed on paper by millions of dollars in stock, will disclose propositions, seriously advanced, which are quite as absurd as those which fell from the lips of Mark Twain's great financier.

Colonel Sellers simply figured out profits on goods not manufactured, and the prices they would bring. And here, as a companion piece to this bright picture of prospective wealth, we have the undisputed announcement made by the experienced business men who recently investigated the former management of the American Malting Company, that \$1,855,350 was paid out in dividends when there was really a large deficit. This statement from the committee, showing how profits were arrived at, dividends declared, was printed in a previous letter, but it is reproduced for comparison with Colonel Sellers' scheme, and reads as follows:

"Profits were determined and dividends declared by 'dead reckoning.'

"After deducting \$877,800 for four quarterly dividends of $1\frac{3}{4}$ per cent. each paid on the preferred stock, a bookkeeping surplus of \$198,649.79 was shown.

"This profit balance was obtained by crediting Profit and Loss account in the following manner: There was on hand at that date executory contracts for about 6,700,000 bushels of malt (nearly one-half of the company's annual business) manufactured and sold, but not delivered.

"It was computed that this malt when delivered

would realize a profit of \$388,063.36, and this estimated amount was treated as a net profit, without deduction for administrative and incidental expenses."

This declaration ought to convince any reasonable man that truth in this case is stranger than Mark Twain's fiction, and that Colonel Sellers was not quite so humorous a figure from a financial standpoint as any one of the old directors of the American Malting Company.

Colonel Sellers did no more than air his great financial schemes. He did not do, as some of his successors have done, capitalize his ideas at \$30,000,000 or \$40,000,000, buy great properties without putting up a dollar personally, pay the men disposing of these properties with stock of their own creation, and call upon them to produce the cash needed for the work of perfecting a Trust, pocket the stock allotted to him as organizer, and then quietly dispose of his holdings. But he did furnish ideas which have brought great profit to the up-to-date Worker of the Trust.

Take the Colonel's proposed Hog Trust idea and see if it is not as sound a business proposition as that advanced by the Workers of the Trusts, who proposed to establish a colossal Flour Trust. The Colonel thus outlined his scheme:

"We've got quiet men at work (he was very impressive here) mousing around, to get propositions out of all the farmers in the whole West and Northwest for the hog crop, and other agents quietly getting propositions and terms out of all the manufacturing—*and, don't you see, if we can get all the*

hogs and all the slaughter-houses into our hands on the dead quiet—whew! it would take three ships to carry the money. I've looked into the thing, calculated all the chances for and all the chances against, and though I shake my head and hesitate, and keep on thinking, apparently, I've got my mind made up that if the thing can be done on a capital of \$6,000,000, that's the horse to put up money on! Why, Washington—but what's the use of talking about it? Any man can see that there's whole Atlantic oceans of cash in it, gulfs and bays thrown in."

The promoter of the proposed Flour Trust said in effect:

"We have good, quiet men at work mousing around in the West and Northwest, and they have secured options on all the big mills of Duluth, Milwaukee, Buffalo and other large cities. We can bring into the Flour Trust mills with a capacity for turning out in the aggregate 90,000 barrels of flour daily. That would guarantee to us 540,000 barrels per week, or allowing for 313 working days (we won't work our men on Sundays), we can turn out 16,902,000 barrels yearly."

But the organizers of the proposed Trust did not get control of all the mills which they pointed to in the agreement which they induced investors to sign. The Flour Trust failed to materialize and there are many investors to whom these lines will not appear in the least humorous.

All sorts of Trusts have been formed and are forming, while others are dying. There is a Pie

Trust, a Coffin Trust, a Suspender Trust, a Chewing Gum Trust, and a host of similar combinations, some of which may be provocative of humorous thoughts in the minds of the non-investor, but on the other hand have become stern and solemn realities to hundreds who have parted with their money.

It is with the more serious features of unbusiness-like Trusts and the operations of the Workers of these Trusts, that I shall deal hereafter. Some of these Trusts are conspicuous for the evil thus described in the *Outlook* months ago:

"The evil of the Trust is over-capitalization, which puts an extravagant value on property, represents that value in stock and bonds, attempts to pay the interest on that stock and bonds to the holders, and, as a necessary result, takes the unearned interest out of either the wages of the laborer or the prices paid by the consumer, or both. This is not robbery, because robbery takes property from another man's pocket by violence; it is not theft, because theft takes it from his pocket by stealth; but it takes the property of another without giving any equivalent therefor, and does this in common with both robbery and theft."

V.

How New Jersey became a great breeding place for corporations—Guttenburg and Gloucester's winter racing tracks having been closed, lawmakers devised a new plan for attracting capital to the commonwealth—Laws shielding stockholders from responsibilities.

New Jersey has become a great breeding place for all sorts of Trusts.

Why?

Mr. Cook, author of "Stock and Stockholders and Corporation Law," answers the question in this way:

"New Jersey is the favorite state for incorporations. Her laws seem to be framed with a special view to attracting incorporation fees and business fees from her sister states, and especially from New York, across the river. She has largely succeeded in doing so, and now runs the state government very largely on revenues derived from New York enterprises. In New Jersey the incorporation fee is one-fiftieth of 1 per cent. of the par value of the capital stock; the annual tax is one-tenth of 1 per cent. of the same; the incorporation may be 'for any lawful business or purpose whatever'; only one director need be a resident; there is no limitation on the amount of capital stock; stockholders are not liable for corporate debts; stock may be issued for property and no annual reports of the business are necessary."

Mr. Cook says that New York was formerly very liberal in its treatment of corporations, "yet New

York Legislatures devote themselves to extorting large license fees and taxes from corporations, and to imposing unreasonable liabilities on the stockholders and officers"; that "the result has been that New York enterprises have been driven to New Jersey for incorporation, and New York has been deprived of an enormous income, which a more fair and reasonable policy would have secured."

The foregoing is from the standpoint of the Trusts, but as they are to be the uppermost topic of discussion in the coming presidential campaign, it may be well for my readers to consider them from another point of view, and before the battle and smoke of a national political conflict can confuse the mind and cloud the vision.

The defenders of the Trusts say that these corporations have been "driven" from New York and other states to New Jersey. The assailants of the Trusts say that these corporations have sought homes in New Jersey because that state has passed laws relieving stockholders from liability for corporate debts, providing avenues of escape from obligations and conferring upon them the authority to create vast bonded indebtedness without restraint. The exegesis of New Jersey Trust laws has been put in this homely way:

"Six or seven years ago New Jersey Legislatures invited Capital from other states to invest in its all-winter race tracks at Guttenberg, Gloucester and other resorts. That was a time when New Jersey members of the Legislature, carrying season passes to the race tracks, and legal tender souvenirs

of regard from race track proprietors, declared that the racing laws of New York were illiberal and unjust, and that they were driving Capital to New Jersey. The New Jersey winter race tracks did attract considerable money to that state, and the state did derive a large revenue from these resorts for the blacklegs of New York, but a time came when public sentiment, sick of the unenviable notoriety which the state had gained throughout the country, forced the lawmakers to abandon their support of the thieving race tracks. The Guttenberg and Gloucester race tracks with their attendant evils of gambling in every form had to shut down. The state was forced to look elsewhere for new revenues. Then some of the wise and far-seeing lawmakers saw that an immense amount of revenue might be derived by the state by making it a breeding place and haven of refuge for the Trusts; that by relieving stockholders of such corporations from liabilities for debts incurred, such liabilities as are imposed in most of the states of the Union—that by relieving directors and stockholders from restrictions placed upon them in the public interest by New York—by giving to them the authority to conduct their business practically in a secret way, and without requiring them to make annual reports showing the condition of their enterprises—in this way New Jersey might acquire a great revenue. The necessary laws were passed, and New Jersey has secured the desired revenue, and incidentally a reputation quite as malodorous as that which it acquired when it sought revenues from the notorious winter race tracks.”

In the foregoing lines the two points of view are furnished. Let us see what unbiased investigation discloses:

Any intelligent visitor to Jersey City will have no difficulty in finding the rival offices of two corporations which make it a business of assisting in the formation of Trusts, if required, but which devote most of their time to the housing of corporations. That is to say, the special corporations make it their business to furnish quarters for Trusts' meeting rooms. New Jersey laws require that a corporation must have an office in the state, kept open during business hours; that "the corporation must have a sign," also an agent authorized to make transfers, etc.

If a visitor in search of information concerning Trusts should visit the building corner of Grand and Greene streets, Jersey City, he will find the office of "The Corporation Trust of New Jersey." On the windows of its offices he will see displayed a long list of Trusts, each of which has an office and meeting rooms in the building. One office may serve for a score of Trusts. The names thus displayed represent corporations standing for many millions of dollars; they are the names of corporations whose real working offices are for the greater part in New York State—offices in showy buildings, handsomely equipped and crowded with clerks.

The visitor to this building who is curious to learn more concerning the business methods of these Trusts, and to what extent they are willing or obliged to take the public into their confidence, can

secure this information by discreetly questioning any of the courteous and well-informed attaches of the Corporation Trust Company. If he should put his questions as one who is contemplating the formation of a Trust, he will receive answers calculated to surprise him if he should happen to be a business man retaining old-fashioned ideas of what were once considered honorable business methods. I should not venture to submit any of the confidential statements which are made to inquirers, for the accuracy of the report might be questioned. But, without fear of contradiction, can present extracts from the literature which is handed out at the office of the Corporation Trust Company.

In one of the pamphlets issued by this corporation, which is intended to stimulate the formation of Trusts in New Jersey, the following candid and seductive announcement is made:

"The question what publicity does organization as a private corporation involve is sometimes asked.

"Practically none under the laws of the State of New Jersey.

"1. Certain documents must be filed with the Secretary of State, and are open there for public inspection, viz., the certificate of incorporation, the certificate of payment of capital stock, showing whether paid in cash or issued for property purchased, and annually a list of the officers and directors and the location of the principal office in New Jersey, and the name and address of the agent in charge."

"2. The corporation must keep a record of the stockholders at its principal office in New Jersey, which is open for private inspection of the stock-

holders, but this is not in practice found objectionable. If anyone interested desires that his name should not appear among the stockholders, he can place his stock in the name of a third party, whose name will be entered in the register as the stockholder.

"3. But there is under New Jersey laws no necessity to file or publish any accounts or balance sheets, or any statement of loans or liabilities, and in practice corporations find that the laws of New Jersey require no inconvenient disclosure of their private affairs, as do the laws of many of the other states."

Publicity is avoided! No unpleasant disclosures need be feared! No exhaustive or enlightening reports are required by the state! Proceeding upon the theory that most of the Trusts organized under these elastic laws seek financial support or victims outside of the State of New Jersey, the lawmakers of that commonwealth have had no hesitation in according to them the utmost freedom, if not license. It is undoubtedly true that these loose laws have attracted honest and enterprising capital to New Jersey; it is more impressively true that these laws have stimulated the formation of all sorts of wild-cat and unbusinesslike enterprises.

In this pamphlet from which I have quoted marked stress is placed upon the fact that under the Trust laws of New Jersey

"A corporation cannot make its stockholders

bankrupt because of the corporation's liabilities. If the corporation gets into difficulties it will be wound up voluntarily or otherwise, and its creditors can take the corporation's property, but nothing more. The stockholders are free to go into business again and are not put to expense of defending against insolvency proceedings, or humiliated by examinations as insolvents, or by the appointment of receivers."

On another page this exponent of the beauties of New Jersey law says:

"There are no afterclaps, but when once incorporated the stockholder's position is clear and defined for all time. His liability is simply and only to pay into the corporation what he agrees to pay."

He and fellow directors may swindle wholesale, yet they are not liable for more than they agree to pay for their stock, would seem to be one interpretation of this law.

The special pleader for New Jersey laws says further:

"What is true of the laws of the State of New York is true of very many other states, and by the statutes of most states the directors are under varied circumstances, and many of them circumstances beyond their control, made personally liable for all the debts of the corporation. A failure to file an annual report, a failure to publish a notice as required by statute, the purchase of real estate beyond a certain amount, the creation of a bonded indebtedness beyond a certain amount, are all cir-

cumstances which under the laws of certain states render the stockholders and officers liable for all the debts of the company. The true object of incorporation is limited liability and in no sense is this as clearly and fully obtained as under the laws of the State of New Jersey."

"The laws of the State of New Jersey practically allow a corporation in the management of its business the same freedom as an individual. There is no limitation on its powers to buy, sell and convey real estate within and without the state. There is no limitation on its powers to create a bonded indebtedness, but in each case the matter is left to the prudence and discretion of the stockholders, or to the Board of Directors, according to the provisions of the charter."

If an assailant of the Trusts should make such statements as are herewith quoted, his word would probably be questioned in some quarters. But these are the printed words of the Corporation Trust and cannot be disputed.

One of the most significant statements made by this exponent of New Jersey Trust law reads as follows:

"The policy of the State of New Jersey says to incorporators, the only liability upon you shall be that you shall pay for the stock for which you have subscribed and when this is done, either in cash or in property, your liability as to all parties shall be at an end.

"As to the issue of stock for property purchased, the law wisely provides that the judgment of the

Board of Directors when once exercised as to the value of the property purchased, shall be final and conclusive upon all parties, and as to holders of stock in New Jersey corporations issued for property purchased, the question of whether the stock is fully paid or not is not one which can be litigated as against them, provided the Board of Directors have passed upon the matter and their judgment has been honest."

To understand the full significance of that last-quoted paragraph, it is necessary to make an application. If it is a sound statement of law, then Joseph R. Megrue, a retired capitalist, who is moving in a New York court to set aside a contract of purchase, would have no standing in New Jersey. Mr. Megrue alleges that it was represented to him that the property of the United States Flour Milling Company, exclusive of its good will, was worth \$10,500,000; that bonds which he purchased were secured by a first mortgage of \$7,500,000.

Mr. Megrue's counsel is reported by the New York *Times* as saying that his client at great personal expense employed appraisers to make an estimate of the value of the nineteen mills which are owned by the company in different parts of the country, and as a result will go into court with affidavits declaring the total value of all the plants to be but a little more than half of the face value of the mortgage.

"The question of the property not being worth the face of the mortgage has not been raised before. There cannot be very much room for difference of opinion in the value of machinery, land and structures on nineteen common mills. It is impossible

for experts to vary more than \$100,000 in their appraisal. This is the first case in the history of these Trusts where they have gone right to the root of the matter and showed how the public are made the victims."

I shall not attempt to split hairs over a question of differences between Trusts and Corporations, preferring rather to show some of their points of resemblance to each other. Here permit me to quote Edward Quinton Keasby, a conservative and able member of the New Jersey bar, who shows how a corporation may be a Trust and that a Trust must always start in as a corporation in his state:

"It is true that many large Corporations have been formed during the last few years under the laws of New Jersey, and that they are called Trusts. The names of many of them are well known. In name and in form they are merely ordinary corporations organized under an old statute in New Jersey, that makes provision for the formation of manufacturing companies, but their capital stock is very large, and their names will be recognized as those of some of the most notorious of Trusts. There is the Standard Oil Company with a capital of \$100,000,000; the American Sugar Refining Company, with a capital of \$75,000,000; the American Woolen Company, with a capital of \$65,000,000; the Amalgamated Coffee Company, with a capital of \$75,000,000; the Distilling Company of America, with a capital of \$125,000,000; the Federal Steel Company, with a capital of \$200,000,000, and many others. The whole number of corporations or-

ganized between January 1 and August 1, 1899, was 1,636, and the aggregate of their capital stock is more than two thousand million dollars."

Mr. Keasby said further: "Combinations of capital for the purpose of controlling the market are no longer made in the form of Trusts. They are no longer made by means of agreements to refrain from competition and by placing the stock of rival companies in the hands of trustees. When the courts declared that such agreements and conspiracies were invalid, and the Legislatures of many states declared combinations in the form of Trusts or otherwise to prevent competition to be unlawful, the agreements were annulled, and the combinations were dissolved, and men who desired to unite their interests under one control formed corporations and transferred to them the stock or property and business of existing companies. It is these Corporations that we have to deal with, and not with agreements in restraint of trade or conspiracies to prevent competition and maintain prices.

"The results intended and accomplished by the Corporations may be the same as those intended by the Trusts, but the difference is vital in its legal effect.

"The Corporations are in form like other corporations, and they exercise the rights of property which are common to all corporations, and indeed to all individuals. They differ from other corporations only in that they are larger and more powerful, in that they have more capital, and have acquired the control of many separate enterprises under a single

management, and as a consequence they do in effect prevent competition among the several enterprises under their control, and tend to monopolize, so far as is possible, the trade of those enterprises. It is in these points of difference that they resemble the combinations made in the form of Trusts, and it is in these points of difference that they are regarded as dangerous.

"There has been no legislation in New Jersey against Trusts as such. No statute has been passed declaring combination and agreements by way of Trusts or otherwise in restraint of trade to be unlawful. When combinations of industrial enterprises became so large as to be formidable, it soon became apparent that it was not easy to find words which would apply to the really formidable combinations of Capital without affecting the freedom of contract between individuals and making illegal a great number of perfectly harmless arrangements with respect to the conduct of their trade."

That a Corporation can legally attempt to destroy competition in New Jersey is demonstrated in an opinion delivered by Chief Justice Magie of the Court of Errors and Appeals, July 7, 1899. This opinion was handed down in the case of the Trenton Potteries Trust, which was held by the court to a contract calculated to destroy competition in its line of manufacture. The Chief Justice said in part:

"Corporations may lawfully do any acts within the corporate powers conferred on them by legislative grant. Under our liberal corporation laws, corporate authority may be acquired by aggrega-

tions of individuals, organized as prescribed to engage in and carry on almost every conceivable manufacture or trade. Such corporations are empowered to purchase, hold and use property appropriate to their business. They may also purchase and hold the stock of other corporations.

"Under such powers it is obvious that a corporation may purchase the plant and business of competing individuals and concerns. The Legislature might have withheld such powers or imposed limitations upon their use. In the absence of prohibition or limitation on their powers in this respect it is impossible for the courts to pronounce acts done under legislative grant to be inimical to public policy.

"It follows that a corporation empowered to carry on a particular business may lawfully purchase the plant and the business of competitors, although such purchases may diminish, or, for a time, at least, *destroy competition*."

VI.

The laws which guarantee secrecy and arbitrary powers—
What one trust has done for Brooklyn—Competition among gas companies suppressed—Reaching out for the electric light company—Why legislation is demanded by opponents of trusts.

Among the aggressive assailants of the Trusts it is charged that most of these gigantic combinations of capital are of Republican creation, and that the managers of the Republican party are committed to the protection of these great corporations. Yet investigation will disclose the fact that for every Republican capitalist interested in Trusts there is always a Democratic associate, usually one who is not in accord with his party in its industrial and financial declarations. Democrats as well as Republicans have declared that "the Trusts have come to stay." That declaration is assented to by the more thoughtful of labor leaders who privately admit that "Workingmen's" Unions are Trusts in which, however, every member of these combinations has a voice. One question at issue thus promises to be:

Upon what terms shall the Trusts of Capital and the Trusts of Labor be permitted to continue their organizations?

Labor calls for the application of legislative restrictions and examinations of the Trusts of Capital, and Capital calls for the same action regarding Labor Trusts. Undoubtedly each class of combinations demands intelligent and honest legisla-

tion. And without doubt each of the great political parties of this country will formulate its remedies during the coming presidential campaign.

It may prove profitable to study some of the phases of Trust organization, some of the methods of the Workers of the Trusts which will be selected as the objective points of attack from political quarters.

It has been shown by the quoted utterances of a mouthpiece of "The Corporation Trust of New Jersey" how colossal combinations of capital can be formed in that state without being obliged to submit to the authorities of the commonwealth any sort of accounts or balance sheets, or any statement of loans or liabilities, and without any limitations upon its powers to create bonded indebtedness. It was shown further that under the elastic laws of New Jersey the judgment of a Board of Directors "where once exercised as to the value of property purchased shall be final and conclusive upon all parties, and as to holders of stock in New Jersey corporations issued for property purchased, the question of whether the stock is fully paid or not is not one which can be litigated against them."

That is to say, if a Board of Directors shall agree to purchase properties at twice their real value with stock or cash, they cannot be sued by a stockholder; their judgment must be final and conclusive. It is that sort of legislation which has led to the generally conceded evil of over-capitalization, and *over-capitalization will be one of the points of attack*

when legislation is proposed by Democratic and Republican statesmen and stump speakers.

It must be plain to those who have read what has been submitted concerning New Jersey Trust laws that they have attracted capital to that state and stimulated the formation of Trusts mainly because these laws guard corporations from publicity, because, as the Corporation Trust Company's mouth-piece says:

"In practice corporations find that the laws of New Jersey require no inconvenient disclosures of their private affairs."

Here, for the purpose of illustrating the liberality of these New Jersey Trust laws in dealing with the organization of corporations, I shall submit a summarized extract from the articles of incorporation of a \$200,000,000 Trust, the Federal Steel Company:

"The board of directors is authorized to increase its number without consent of the stockholders, and to make, alter, amend or rescind the by-laws, to fix the amount the company's working capital, and to execute mortgages and liens on the property of the corporation; but there shall be no sale of all the property except by a vote of two-thirds of the directors. The directors may by majority vote appoint three or more of their number to be an executive committee, with the full powers of the board, to manage the company's business. They shall also determine whether and at what times and places and under what conditions the books of the corporation shall be open to the inspection of the

stockholders, and no stockholder shall have power to inspect the books or accounts except as authorized by statute, by determination of the directors or in accordance with the terms of a resolution adopted at a meeting of the stockholders."

Under these articles of incorporation a Board of Directors can, without the consent of any stockholder, or even the consent of two-thirds, or all the stockholders, wipe out the by-laws of the corporation, sell all or any of the property of the company, "transfer or otherwise dispose" of any of the property. Another provision reads as follows:

"The Board of Directors from time to time shall determine whether and to what extent, and at what times and places, and under what conditions and regulations, the accounts and books of the corporation, or any of them, shall be open to the inspection of the stockholders; and no stockholder shall have any right of inspecting any account or book or document of the corporation, except as conferred by statute or authorized by the Board of Directors, or by a resolution of the stockholders."

That provision seems to secure secrecy and to guard against the inquiries of a stockholder who may want to know some things he has a right to know concerning the disposition of his money. He cannot get this information from any report made to the state, for the company does not disclose its affairs to the state. If the directors do not want him to "inspect any book or account or document of the corporation," they can shut him off, and he

must apply to the court, a place of uncertainties in New Jersey.

It is true that even in our own State of New York the Trusts often manage to succeed in their efforts to withhold information sought by stockholders. For instance, a stockholder in a corporation that has been swallowed with others, by a Trust, may desire to know what has become of stock which he surrendered that a consolidation of interests might be effected. The Trust refuses to give the information asked for and the stockholder must go to the courts for relief. Here is a case in point:

On January 17, 1896, Elias C. Benedict filed a bill of complaint in the Second Circuit Court of the United States for the Southern District of New York against John G. Moore, Grant B. Schley, William H. Duff, Elberton R. Chapman, Henry H. Turner, Henry H. Rogers, William Rockefeller, William H. Cooper, Guaranty Trust Company and William J. Logan, in which, among other important statements, the plaintiff alleged that Logan, Rogers, Rockefeller and Moore and Schley and Cooper engaged in a scheme to become owners and controllers of the seven gas companies of Brooklyn, and they intended to become such by the consolidation of the same. They applied to the plaintiff for some shares he owned in the Williamsburgh Company, one of the old companies afterwards consolidated, so as to obtain control of two-thirds of the stock of said company; he further said that the promoters obtained at least two-thirds of the stock of other gas companies and elected directors, the instruments of the promoters.

Mr. Benedict asserted that the promoters caused the new company to enter into separate agreements with each of the old companies for the sale of franchise and property to the new company for stock and bonds of the new company deposited with the Guaranty Trust Company as trustee.

Mr. Benedict's suit was a suit for an accounting of the stock placed in the syndicate's hands; it was tried early in 1900, and ex-Speaker Reed appeared for the Gas Trust interest. There you have the case of an investor who for nearly four years had been trying to learn what became of his stock and to secure full value for it. Incidentally this case is of present interest, for the daily papers have announced that the Brooklyn Gas Trust may become the owner of the Kings County Electric Light Company. Should this surmise prove correct, then Brooklyn, so far as electric lighting and gas are concerned, will be absolutely governed by a Trust.

In the year 1895 the Brooklyn Gas Trust was formed under the name of the Brooklyn Union Gas Company capital stock \$15,000,000; issuance of bonds, \$15,000,000. It was composed of the Brooklyn Gas Light Company, Metropolitan Gas Light Company, Fulton Gas Light Company, Citizens' Gas Light Company, Williamsburgh Gas Light Company, Nassau Gas Light Company, and People's Gas Light Company, were held, and a proposition by the Brooklyn Union Gas Company was made, offering in exchange for each share of stock in the old companies the following amount of stocks and bonds of the Brooklyn Union Gas Company, so it was reported at the time:

| | Bonds. | Stocks. |
|-------------------------------------|--------|---------|
| Brooklyn Gas Light Company..... | 22.75 | 24.37½ |
| Metropolitan Gas Light Company..... | 132.18 | 172.41 |
| Fulton Municipal Gas Company..... | 112.38 | 135.71 |
| Citizens' Gas Light Company..... | 8.57 | 85.71 |
| Williamsburgh Gas Light Company.... | 97.00 | 157.50 |
| Nassau Gas Light Company..... | 46.80 | 63.00 |
| People's Gas Light Company..... | 3.40 | 9.00 |

Before these gas companies were consolidated with a Trust there was competition among them for public patronage. If one company did not furnish satisfactory gas you could go to another that was anxious to secure your custom.

One of these companies was accorded a franchise with the understanding that it should be null and void if it should sell its privileges to another company.

Franchises were granted to gas companies for the purpose of creating competition. There is no competition now. If the gas is not satisfactory you can use the electric light; if that is too expensive you can use Mr. Rockefeller's kerosene.

Many complaints have been made concerning the quality of gas furnished to consumers. It is within the knowledge of the writer that these complaints were well-grounded. The gas at times has been as feeble as the light from tallow dips. Even the street lamps have to be furnished with Welsbach burners before they can be relied upon to furnish adequate light.

Residents of Brooklyn are worse off than the dwellers on Manhattan Island, for there the companies do occasionally compete and cut rates. In *one* Borough of Greater New York gas has been

sold to consumers for 65 cents a thousand; in the Borough of Brooklyn the rate is \$1.05. Two rates in one city. I refer to what we see under our own eyes in Brooklyn simply for the purpose of directing attention to one of the results produced by the Workers of the Trusts.

VII.

Andrew Carnegie's lawyer says: "Instead of providing for punishment of trusts provide for punishment of the man that promotes them and you will kill the eggs in the nest before they are hatched"—Charles R. Flint defends the trusts.

"One million dollars is the fee that James B. Dill, the big corporation lawyer is to receive for bringing the interests of the two big steel kings, Andrew Carnegie and H. C. Frick, to a harmonious adjustment. Mr. Dill, who is yet a young man, was asked by Mr. Carnegie to find some way to settle the differences between the magnates.

"The mammoth new combine is the result of Mr. Dill's work. It is eminently satisfactory to both Carnegie and Frick, and Mr. Dill's bill of \$1,000,000 is to be allowed without question.

"The task of restoring harmony between the two strong-willed men was no child's play for Mr. Dill, and the masterful way in which tranquility was restored through the new combine entitles the peace-maker to be ranked among the first corporation lawyers of the country."—From *Evening World*.

It is fair to assume that Mr. Dill's estimate of the Workers of the Trusts will be very generally accepted as the judgment of an expert in the work of placing corporations upon a sound legal basis. And here it will probably prove of interest to recall some of the declarations made by Mr. Dill before the Chicago Conference on Trusts last September. Following Bourke Cochran, the now distinguished New Jersey corporation lawyer said:

"I cannot agree with Mr. Cochran that it makes not much difference how much you capitalize a corporation, provided you make it public. A corporation that issues a certificate of stock which says on the face of it that it represents \$100, when these men know it does not represent \$100, misrepresents the facts and will not and should not succeed. It makes a great difference to the man who gets stock on that certificate, believing he is getting \$100

worth. One of the greatest evils of the day is over-capitalization."

Mr. Dill said further in the course of the speech, from which I have quoted:

"In speaking of honest combinations for business, I want to point out two dangers which are likely to arise: The first is over-capitalization, and in the second place concealment. If, instead of providing for the punishment of the Trusts, after being organized, you will provide for the punishment of the man that promotes them, you will kill the eggs in the nest before they are hatched."

"I would simply provide for the English statute in this country—that any article advertising the stock of a corporation, wherein a sum of money is mentioned as the subscribed capital, shall truly state the amount of money actually paid in and subscribed as capital of the corporation. I would pass the English law, which is that every holder of stock, and every person through whose hands it may have passed, shall be deemed to hold that stock, subject to the payment in full in cash, unless the stock is issued, together with a contract showing all the conditions of the issue of that stock, which shall be filed in every state where the company does business."

In this frank statement made by a corporation lawyer who himself has long been engaged in the work of aiding in the formation of great corporations, *you have the reputable business man's esti-*

mate of the unscrupulous Worker of the Trust, and a trained observer's protest against over-capitalization and concealment.

Nearly one hundred speakers addressed the Conference on Trusts, at Chicago, and a large percentage of the addresses were made by business men and students of economics who believe that the Trusts, as most great combinations of Capital are called, cannot be legislated out of existence. They agreed, however, that over-capitalization, the product of the Workers of the Trust, and likewise concealment of methods, required legislation. Here are some of the views expressed upon this subject:

William Fortune, President Indiana State Board of Commerce, was quoted as saying:

"It is clear that there is both good and evil in the present operations of the Trust scheme. In the good features there is enduring vitality; it is the evil that the people will seek to eliminate. Dishonesty in capitalization and practices which violate good morals, must, like other criminal acts, be brought under governmental restraint. It will be folly to undertake reckless warfare for the annihilation of the Trusts, but the claws of the monster, if that it be, can be cut, and under the restraining influences of good regulations this Behemoth, biggest born of commerce, may become a docile, harmless and really amicable pet."

John Graham Brooks, Lecturer University of Chicago, said in the course of his remarks:

"Of the restraint upon abuses, I believe an absolute above-board method of doing business (as com-

plete as that to which the national banks now submit) to be by far the most important. No one in the community knows better the necessity of such publicity than the very men who make the Trusts. Nor have I ever heard this necessity stated so strongly and so convincingly as by some of these gentlemen. Germany has plenty of these large corporations—that we are now discussing under the antiquated name of Trusts—but the rights of the stockholders to every whit of information necessary to their security are assured in that country. A competent writer upon Trusts, like Dr. von Halle, is astounded in his investigations in the United States that a people famous for practical business shrewdness should suffer the gross abuses which this secrecy involves. England has also her powerful ‘alliances.’ A good authority has estimated that Capital has been shifted from the smaller to the larger corporations to the extent of two billion dollars within the last dozen years. But the law gives to the stockholders very definite rights of publicity, and the Lord Chief Justice, since the Hooley scandals, says these rights must be made more exacting still. The forced publicity for private as well as for public corporations in Massachusetts makes any dangerous degree of stock watering extremely difficult. Give us, then, an absolute publicity of methods, and special dangers like ‘over-capitalization’ are practically met.”

The Trusts have their champions and these letters, dealing with the progress of the War on Wealth, would be one-sided and worthy of no at-

tention were they to ignore the replies which defenders of the great industrial corporations make to their assailants. And so I submit an extract from an address on "Industrials," delivered by Charles R. Flint of New York at the Union Club, Boston:

"In this country, in addition to getting the advantages of putting private businesses into corporate form, we are obtaining the benefits of consolidated management. We thus secure the advantages of larger aggregations of capital and ability. If I am asked what these are, the answer is only difficult because the list is so long. The following are the principal ones: Raw material bought in large quantities is secured at a lower price; the best quality of goods is produced; the specialization of manufacture on a large scale in separate plants permits the fullest utilization of special machinery and processes, thus decreasing cost; the standard of quality is raised and fixed, the number of styles is reduced and the best standards adopted; those plants which are best equipped and most advantageously situated are run continuously and in preference to those less favored; in case of local strikes or fires the work goes on elsewhere in such a way as to prevent serious loss; there is no multiplication of the means of distribution, a better force of salesmen takes the place of a large number, and the same is true of branch stores; terms and conditions of sale become more uniform, and credits, through comparisons, are more safely granted; the aggregate of stocks carried is greatly reduced, thus saving interest, insurance, storage and shop wear; greater skill in management ac-

cruces to the benefit of the whole instead of a part, and large advantages are realized from comparative accounting and comparative administration.

"Such are some of the advantages of consolidation. The grand result is a much lower market price, which accrues to the benefit of the consumers, both at home and abroad, and brings within reach at the cheaper price classes and qualities of goods which would otherwise be unobtainable by them. This is the great ultimate advantage, and if this were not sooner or later true, if the world at large did not ultimately reap the benefit, the other advantages would be as nothing.

"Nothing in the past has more demoralized industries than over-production in times of prosperity and the scramble for a market in times of adversity, resulting in the cutting of prices to such an extent as to necessitate the reduction of wages and the manufacture of inferior—I might say counterfeit—goods. Such competition, instead of being the life of trade, is the death of trade, resulting in failure among jobbers, manufacturers and suppliers of raw material, and even affecting that favored class of which there are so many representatives here—the bankers. In the long run the consumer is unfavorably affected by these conditions—the goods he buys, though apparently cheap, are inferior in quality, and he suffers, as all do, from disorganization."

Mr. Flint is a dominant figure in a powerful Trust; he is authorized to speak for the Trusts. Referring to the general charge that the Trusts are

inimical to the interests of the workingman, Mr. Flint said:

"Not only are we dependent for our position in the world's markets upon the existence of large industrial corporations, but the wages of the American workmen can be sustained only by our keeping in the lead in the development of labor-saving machinery through centralized manufacture. He must be placed and held in the position of an overseer. To-day the productive capacity of the labor-saving machinery of the United States more than equals that of 400,000,000 of people not using labor-saving devices. It requires the intelligence of the American workman to direct these labor-saving implements and machines. No other condition would justify the payment of overseer's wages, which the American wage-earner is receiving to-day."

"Man-power, under these conditions, has given place to machine-power, and the man, instead of being a machine, a mere hand-worker, daily becomes more and more a brain-worker and more and more a man. This, more than any other single fact, accounts for the increased prosperity of our people, their larger leisure, larger liberty and larger enjoyment of life. Compare their condition with that which prevailed before the aggregation of wealth and intelligence in the development of industries, when wealth was obtained by conquest, not by production; when the masses had meat but once a week; when their houses were without chimneys and without windows; when their clothing and surroundings were filthy; when the death rate was double what it is to-day—and you go back to a time

when the nobility knew less of the world than the laboring man of to-day; when the present necessities of the masses were luxuries of the rich, and you realize that the emancipation proclamations were written by Watt and Arkwright, Stephenson and Fulton, Franklin and Morse, Bessemer and the great organizers who have offered their discoveries and distributed the benefits of their inventions to the whole world."

In reply to part of the foregoing the Christian Socialist says:

"The 'brain worker' feeding a machine like an automaton, merits no comment. But the working-man's condition is better than it was fifty or one hundred years ago, and this improved state is due more to labor unions and his ballot than to Wealth. He has had to fight hard for every advantage he has gained; has often had to endure bonds and blows, to suffer in strikes and lockouts before securing a reduction in the hours of labor and an increase in wage. The corporations have invariably made these concessions grudgingly. And Capital also has grown with the years. Fifty years ago the man who possessed \$500,000 was the leader of society; he has been displaced by the multi-millionaire."

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VIII.

The Brooklyn Warehouse and Wharfage Trust—Property of once prosperous warehousemen, appraised at \$27,000,000 in 1895 by the then president of the Chamber of Commerce, Alexander E. Orr—Five years later valued at \$15,000,000—Net earnings of over \$1,500,000 cut down to \$600,000—At last a receivership.

There is probably no large community in this country that has not had an unpleasant and possibly bitter experience at the hands of some Worker of the Trusts. Brooklyn has certainly had a variety of experiences in connection with Railroad and Gas Trusts, Cordage, Flour and Malting Trusts, yet it seems to the writer that more interesting than any of these is the experience acquired by those who invested in the Brooklyn Warehouse and Wharfage Trust. For in this enterprise were engaged many owners of warehouses who prospered individually until induced to join forces in one large corporation. And all these men stood high in business and social circles. But in an evil hour for them they caught the Trust fever and this is what happened:

To these conservative, upright and prosperous business men came a Worker of the Trusts who told them how they could add largely to their net earnings by forming a Trust. They were told they could save \$150,000 yearly by the reduction of office expenses, that they could increase their yearly earnings at least \$75,000 by making use of a number of available improvements. These statements were

made to warehouse men whose yearly aggregate net earnings, before forming the proposed Trust, amounted to over \$1,500,000. The warehouse owners succumbed to the seductive figures and convincing argument submitted to them, and the Brooklyn Wharf and Warehouse Company was formed.

January 29, 1895, the Brooklyn Wharf and Warehouse Company mortgaged its real estate and leasehold property to the United States Mortgage Company, the preface to the indenture reading in this way:

"Whereas, the Warehouse Company, for the purposes of its business, has purchased and is about to purchase, certain real estate and leasehold property, which have been or are about to be conveyed and transferred to it by proper instruments in writing, etc.

"Whereas, to enable the Warehouse Company to make payment in full of the purchase of said real estate and property hereinabove referred to, the Warehouse Company has found it necessary and by resolution duly passed by its Board of Directors, has duly determined to mortgage the whole of its real estate and leasehold property acquired and to be acquired, as in this Indenture provided, and has resolved to make and issue its bonds on the aggregate amount of \$17,500,000 in part payment of the purchase price of said real estate and leasehold property."

To this instrument were attached the signatures of Andrew Mills, President of the Brooklyn Wharf and Warehouse Company, and George W. Young, President of the United States Mortgage Company.

G. W. Young, Thomas A. McIntyre, W. A. Nash, Andrew Mills, George H. Southard and James Timpson, "owning more than two-thirds of all the stock of the corporation," assented to the mortgage and attached their signatures to it. The incorpora-

tors of the company were George W. Young, William A. Nash, George H. Southard, Andrew Mills and James Timpson, the latter of New Jersey.

On Monday, February 4, 1895, the daily papers printed a two-column advertisement, which contained the following announcement:

"United States Mortgage Company, Central Trust Company and New York Guaranty and Indemnity Company offer for sale at 103 and accrued interest \$7,000,000 purchase money first mortgage 5 per cent. 50 year Gold Bonds of the Brooklyn Wharf and Warehouse Company.
There are held to acquire other properties.. \$1,825,000
There have been sold to former owners.... 5,500,000
There have been sold to other investors.... 3,175,000
There are offered for subscription..... 7,000,000

Total\$17,500,000

The authorized and issued capital stock is

\$12,500,000, consisting of
Preferred Series "A"..... \$2,500,000
Preferred Series "B"..... 5,000,000
Common Stock 5,000,000

"The officers and directors of the company will be: Thomas A. McIntyre, president; David Dows, Jr., first vice-president J. S. T. Stranahan, second vice president; William A. Nash, treasurer; Samuel Taylor, Jr., secretary. (This was followed by list of directors.)

"It owns in fee the following well known wharf properties in the City of Brooklyn: Empire Stores, Fulton Stores, Martin Stores, Watson Stores, Harbeck Stores, Watson Elevator, Roberts Stores, Mediterranean Stores, Pierrepont Stores, Prentice Stores, Woodruff Stores, Pierrepont Stores, Dow's Stores, Union Stores, Masters Stores, Nye and Commercial Stores, McCormack Stores, Clinton Stores, Stranahan's Stores, Laimbeer's Stores, Excelsior Stores, Finlay Stores (South Pier), Finlay Stores (North Pier), Pinta's Stores, Atlantic Dock Piers, Atlantic Dock Company outlying property, German-American Stores, Merchant Stores, New York Warehousing Company's Stores, Beard's Annity Street Stores, Franklin

Stores, Beard's Erie Basin Stores. A total frontage of 14,569 feet, or 2 3-4 miles."

The advertised valuation of these stores was calculated to inspire confidence in the new enterprise, the appraisals having been made by such men of capacity and character as Alexander E. Orr, Martin Joost and George M. Chauncey. They were quoted in the advertisement referred to as follows, and the importance of the announcement will appear when a later sworn appraisal is submitted. Here is another extract from the company's advertisement:

"VALUATION.

"The following appraisals have been made, which include all of the above described property and additional property not acquired, for which bonds have been withheld, as stated:

Mr. Alexander E. Orr, president Chamber of
Commerce\$27,300,000

Mr. Orr further states in his appraisal that *the value of the properties as a money earning power would be increased 25 per cent.* when concentrated under one intelligent management.

Mr. Martin Joost, vice-president Bond and
Mortgage Guarantee Company.....\$26,750,000

Mr. Joost states that the value of the properties would be enhanced at least 15 per cent. by consolidation.

Mr. George M. Chauncey, president D. & M.
Chauncey Real Estate Company\$30,000,000

The fact that these warehouse men had been making handsome earnings before the formation of the Brooklyn Wharf and Warehouse Company was emphasized in an impressive way by the publication of the following Certificate of Accountants annexed to the advertised announcement:

"Messrs. Yalden, Brooks & Walker, Public Accountants, have made a careful examination of the books of the various properties now consolidated, and have reported as follows:

"11 Pine st., New York, Jan. 29, 1895.

"George W. Young, Esq., President United States Mortgage Co., New York:

"Dear sir—We have made a careful examination of the operation of the properties which have been acquired by the Brooklyn Wharf and Warehouse Co., and present detailed statements showing the net earnings after payment of taxes and other expenses of operation, as follows:

| | |
|------------|----------------|
| 1891 | \$1,343,338.82 |
| 1892 | 1,460,990.37 |
| 1893 | 1,569,638.05 |
| 1894 | 1,704,071.25 |

| | |
|-------------|----------------|
| Total | \$6,078,038.49 |
|-------------|----------------|

These figures show average net earnings per annum of.....\$1,519,510.00

From which should be deducted rents of leasehold properties..... 225,000.00

Which leaves a total of\$1,294,510.00

Deducting interest on the \$15,675,000 bonds issued 783,750.00

There remains applicable to the accumulation of the surplus and for dividends on capital stock as provided in the company's articles of association..... \$510,760.00

We deem it proper to add that during the past year a number of improvements have been made in the way of new piers and storehouses, which, in our judgment, will increase the earnings at least \$75,000 per year.

It is our further opinion that the saving in office expenses under *one* management of those properties would be \$150,000 per year.

YALDEN, BROOKS & WALKER.

This was followed by the statement:

"The company has in addition to the foregoing property a Working Cash Capital of \$500,000.

"In addition thereto a surplus at the rate of at

least \$100,000 per annum shall be accumulated until it amounts to \$500,000."

Naturally, in the light of the statements thus made by business men of probity and recognized ability, the bonds of the Warehouse Trust were eagerly sought for and commanded high figures. The Trust began business apparently under most auspicious conditions, with a bond issue of \$17,500,000, and capital stock of \$12,500,000, one-half of which capital stock had been paid in as certified to February 6, 1895.

The annual reports for five years, however, show that the expected great profits did not materialize!

Annual report filed March 12, 1896:
 Existing debts do not exceed.....\$16,724,540.83
 Existing assets amount to at least..... 16,724,540.83
 Annual report dated January 23, 1897:
 Existing debts do not exceed.....\$20,000,000.00
 Existing assets of said corporation amount
 to at least..... 20,000,000.00
 Annual report dated January 31, 1898:
 Existing debts do not exceed.....\$20,104,000.00
 of which \$17,500,000 consist of 1st mortgage bonds.
 Existing assets of said corporation amount
 to at least the sum of..... 20,104,000.00
 Annual report filed January 26, 1899:
 Existing debts do not exceed.....\$19,677,000.00
 Existing assets at least equal..... 19,677,000.00
 Annual report filed January 26, 1900:
 Existing debts do not exceed sum of.....\$20,000,000.00
 exclusive of interest not accrued on bonds
 and other obligations, and exclusive of
 rent not accrued on leases.
 Existing assets at least equal the amount of
 one dollar.

In February last, default was made by the Warehouse Trust in payment of the interest upon its

bonds. On application of a bondholders' committee, composed of F. P. Olcott, George W. Young, Frederic Cromwell, Adrian Iselin, Jr., Walter G. Oakman, Henry A. Redfield and others, the United States Mortgage Company, of which George W. Young was President, was appointed receiver of the Trust by Judge Dickey.

The petition for the appointment of a receiver was accompanied by an affidavit from Arthur Turnbull, treasurer of the United States Mortgage and Trust Company, that on information obtained from one of the directors he learned that the income for the year ending February 1, 1900, did not exceed \$600,000; that the annual interest on \$17,500,000 of the first mortgage bonds was \$875,000, and that the company owed \$345,401.18 taxes due October, 1899.

The most surprising affidavits made in connection with the affairs of the Trust and submitted to the court read as follows:

HERBERT C. PLASS, being duly sworn, deposes and says that he is engaged in the business of buying and selling and renting real estate in the City of New York as a real estate broker and appraiser, and has been so engaged for the past twenty years. That he is familiar with the property of the Brooklyn Wharf and Warehouse Company covered by the mortgages described in the complaint in this action. That he has recently made a thorough and careful appraisal of the value of the said properties both fee and leasehold. That in his judgment the present values of the said properties does not exceed the sum of fifteen millions of dollars.

HERBERT C. PLASS.

Sworn to before me this 2d day of February, 1900,
William Finkenaur, Notary Public, New York County.

WARNER B. MATTESON, being duly sworn, deposes and says that he is an attorney and counselor at

law. That he has seen the original affidavit, a copy of which is hereto annexed, made by Herbert C. Plass and verified the 2d day of February, A. D. 1900. Deponent further says that he knows the property of the Brooklyn Wharf and Warehouse Company covered by the mortgages described in the complaint in this action and that the value of the same does not exceed the sum of fifteen million dollars to the best of deponent's knowledge, information and belief.

WARNER B. MATTESON.

Sworn to before me this 5th day of February, A. D. 1900, William Finkenaur, Notary Public, New York County.

Alexander E. Orr, President Chamber
of Commerce, valuation of Ware-
house Trust property in 1895.....\$27,300,000
Martin Joost, valuation, 1895..... 26,750,000
George M. Chauncey, valuation, 1895.. 30,000,000
Less than 5 years later:
Herbert C. Plass' valuation.....\$15,000,000
W. B. Matteson's valuation..... 15,000,000
Average yearly net earnings of ware-
houses before trust was formed..... 1,519,510
Income year ending February 1, 1900.. 600,000
Debts year ending February 1, 1900,
over 1,000,000

These figures, which show the loss of great sums of money, would seem to indicate clearly that even upright business men cannot always touch a Trust without having their fingers burned, despite the fact that their ventures may be made when business is booming throughout the country. And this exhibit of wrecked financial hopes and blighted predictions is enough to dampen the enthusiasm of even so enthusiastic a man as Thomas A. McIntyre of the Warehouse and United States Flour Milling Trusts,

IX.

An army of clerks, longshoremen, laborers and truckmen forced to seek employment elsewhere soon after the Warehouse Trust began operations—Scenes of idleness along the once busy water front—A heavy blow dealt to Brooklyn.

Those of my readers who are accustomed to crossing the East River by way of the Wall Street or South Brooklyn ferries cannot fail to have been impressed by the great changes wrought within the last few years in the appearance of that section of our water front lying between the Bridge and Hamilton ferry. A few years ago a forest of masts and steamers' funnels lined the wharves, and along the docks and in and about the warehouses an army of longshoremen, truckmen and laborers were busily engaged. To-day this army of workingmen has disappeared from view, some of the warehouses appear to have gone out of business, and scenes of idleness are presented where bustling activities formerly met the eye. The Warehouse Trust is said to be in a large measure responsible for the present deplorable condition of affairs prevailing along what was once the busiest section of Brooklyn.

In a recent letter, dealing with the Workers of the Trusts, the writer quoting from the records, told how the warehousemen were induced to form a Warehouse and Wharfage Trust, how promises of large profits and handsome dividends were set forth in a glowing prospectus; how properties appraised at from \$26,000,000 to \$30,000,000 in 1895 shrunk in value to \$15,000,000 when the Trust finally fell

into the hands of a receiver. As an interesting and instructive supplement to that letter I submit the following statement concerning some of the causes which led to the downfall of the Trust and the heavy blow dealt to Brooklyn. The story comes from one who has had extended experience in warehouse affairs.

"The cardinal mistake made by the Warehouse Trust was that of giving too much money to secure the various properties. That this was done is evidenced by the eagerness with which every owner grasped at the offer. Only Jeremiah P. Robinson held off for a time. Finally he came in, too, and the property changed hands. The late John T. Martin had always steadily refused to go into any combination, as he once told me, he would allow no man to manage his business.

"Nearly all the owners got their prices in cash. As a rule, any bonds that were taken were over and above the cash values of the property. Cornell University was perhaps the only exception. The institution had purchased Watson's stores as an investment, and it had turned out a poor one. The University sold to the Trust for \$500,000, accepting all bonds. Professor Thurston of Cornell once told me that they were advised to hold on to the bonds as a good investment, and that the same lawyer prevented them being sold at the one time that they went to 104. The University has had cause to regret having taken this advice.

"Mr. Stranahan and his associates never would

have sold the Atlantic dock property were it not for the fact that the price offered was enormous. When it was stated at a meeting of the owners there was not a dissenting voice to the sale. The United States elevator, the best equipped one on the river, had been held for years on an option of \$175,000. Former Alderman Jahn told me recently that his brother had had an option on this property for \$225,000. The Trust gave \$350,000 for it in hard cash, not a single bond being accepted by the astute men who composed the United States Warehouse Company.

"Beard's stores, in the Erie Basin and at the foot of Amity street, could not be sold, having been entailed by wise old Billy Beard, so they were leased for twenty years, with the right of renewal for an equal term. The rental is said to be \$250,000 a year. A man, well-known in Brooklyn, who was formerly connected with this property, told me at the time of the transaction that the best year they ever had, and it was an immense year of business, the property paid \$196,000; but the place had been full of ships and merchandise.

"Some very amusing stories are told of the ignorance of the Trust about what was purchased. The Anchor Line had some very fine horses at the Union stores. These were used to haul trucks around the piers. The Trust people did not know of their existence until the superintendent asked for oats to feed them with.

"Having secured the entire control, the management proceeded straight away to antagonize every

one. A host of brokers were thrown out of employment. The various warehouse staffs were discharged as a rule, and their business consolidated at 68 Broad street, Manhattan. Drivers had to go there to get their orders for goods indorsed before they could get them out of store. They had to await their turn for these, and the attendance on the line was poor, so that often half a day would be lost in trying to get perhaps a single barrel or bale of goods. Double trucks were valued at \$1 per hour, and the merchants were furious. Now this is to be altered, and the merchandise accounts will be kept at the various warehouses again, so that there will be less loss of time for drivers. This explains why Henry E. Nitchie has been brought back into the concern. He will look after the warehouse accounts and receipts."

"Having secured the warehouse property, the manager of the Trust proceeded to demonstrate to ship brokers, ship owners and merchants that he held the key of the situation; that he was the czar to whose ukase all should bend. Unless piers were rented ships should go to unload and load just where he thought fit to order them. And sometimes, even at the last moment, it was with difficulty the men interested could learn the location. There was none of the give-and-take policy that actuated the individual owners. There were no more of the small concessions that enabled a lot of brokers to do a comfortable business. McIntyre's word was law. Landing charges were put on. Every ton of material put on or off over the string-piece had to pay

5 cents, and if landed on the dock instead of on a truck, 10 cents. There were bitter complaints, but small attention was paid to them. The Sugar Trust then began to withdraw raw sugar from the stores as much as possible. It has since, to a large extent, only brought it here as rapidly as it can be handled; as little of it as possible goes into store and it is only left in as short a time as may be. Much of it is now stored in Jersey. A good deal is stored on lighters.

"Recently the steamship *Lewisham* discharged her entire cargo into lighters lying alongside, not a bag of the cargo even touching the dock. Gradually other kinds of merchandise drifted away.

"The greatest loss of all, however, was in the grain trade. When the Trust took hold there were about 16,000,000 bushels in store. Grain pays a storage charge of a third of a cent per bushel every ten days, or 75 cents per 100 bushels per month. This would be equivalent to \$120,000 per month on 16,000,000 bushels. When it is handled, the charges are: receiving, $\frac{5}{8}$ of a cent per bushel; weighing and delivering, $\frac{1}{2}$ cent per bushel. The trimming costs \$24 per boatload of 8,000 bushels, but this goes entirely to the men. The other charges named amount to \$1,425 for a cargo of 100,000 bushels, which is a moderate one, large steamers taking double that or even 250,000 bushels.

"As the railroads began to develop their terminals at other ports, such as Boston, Montreal, Newport News, Norfolk, Philadelphia, Baltimore, New Orleans and Galveston, they put in modern elevators,

equipped with labor-saving devices. By these means the grain is transferred direct from the cars to the ship alongside. The only charges made are for trimming, so that there is a saving in loading a vessel at these ports of 100,000 bushels, that amounts to \$1,125, while the port and wharfage charges are proportionately lower. Besides these, there are differential rates that operate against this port. To illustrate the gall which makes such charges, take the weighing for instance. The weigher will handle 40,000, or even 50,000 bushels per day. He gets \$2.50 for his services, while the Trust rakes in half a cent a bushel, or \$500, for this item alone on 100,000 bushels. These charges would figure up a neat profit on a cargo, which a ship does not always clear. And hence it is that the grain and the tramp steamships have gone to the other ports where no such charges exist. The great bulk of grain now exported from this port goes on the ocean liners, which must have it for ballast. These do not come to Brooklyn, but are loaded at their piers by floating elevators.

"The loss of the grain business has ruined lots of people along the water front, because it threw an army of men out of work. The trimmers made good money, while the host of men employed in the stores in keeping the grain in condition received steady wages. These have lost that work and have betaken themselves elsewhere. Rightly or wrongly, the Trust is held responsible for driving this trade away.

"The enormous fixed charges had to be met by

maintaining excessive rates in the face of the facts stated and so the ships and the business went elsewhere. Thus it is that the trade of the other ports is increasing, while the Produce Exchange figures show conclusively that the grain export percentage has been steadily decreasing since the Trust took hold. Whether that trade ever can be brought back is problematical.

"Taken altogether, Thomas A. McIntyre and his associates have a knotty problem to solve, while the unlucky bondholders must grin and bear their losses with what equanimity they can muster."

One of the warehouse men who was practically forced to sell his property to the Trust, yet had the sagacity to demand payment in cash, said to the writer, in speaking of the matter:

"I said to Mr. McIntyre, when the transaction was closed and the money paid: 'You'll have more need for lawn mowers over at those warehouses than for anything else before you are through.'"

NOTE.—The company has reduced its charges, removed some of the former grounds of complaint, and its controlling spirits announce that they will put it on a paying basis.

X.

Methods described and sharply characterized in a recent opinion of the United States Supreme Court—It dealt with exploits far more interesting than the financial operations of Claude Duval, Dick Turpin and "Cherokee Bill"—"Guilty of apparently inexcusable conduct.

"The masses of the people feel instinctively that corporate management has been frequently a fountain of oppression, of fraud and corruption, but the lack of specific information has caused the public indignation, which ought to be visited upon the officers responsible for this shame, to be turned on the Corporations who have been its victims. We hear much about the corruption of municipal corporations. Well, probably they are corrupt; certainly they cannot be more so than they are believed to be. But the government of Industrial Corporations has largely escaped public censure, notwithstanding the recklessness and fraud which have characterized it. What we punish as corruption in politics, we are inclined to encourage as talent in finance. The courts of nearly every state record prosecutions of public officers for bribery. I don't believe that in the whole history of our jurisprudence an officer of a Corporation has been compelled to answer at the bar of a criminal court for corruption or fraud perpetrated by indirect and insidious methods."—W. BOURKE COCHRAN.

The court records of various states furnish abundant evidence of the iniquities of the Workers of the Trusts, and the necessity for legislation which will at least restrict if not suppress their power for evil. The history of their disreputable operations, even when recorded in the cold, unemotional language employed by members of the judiciary, is at times as fascinating as fiction. Claude Duval, Dick Turpin, "Cherokee Bill," the stage robbers and kindred highwaymen were indeed vulgar and petty financial operators compared with some of our Workers of the Trusts, who make play for millions. Confirmation of this statement may be found in a recent opinion written by a member of the United States Supreme Court. Long judicial decisions are seldom read by others than judges and lawyers, but the one from which I shall quote is so clear and

lucid, it so accurately describes and justly characterizes methods of financiering altogether too common nowadays, that it cannot fail to interest every intelligent reader. In this opinion you will see how designing men can commit grave moral offenses and yet richly profit by them within the pale of the law by obeying the "letter" of the law.

On the 22d of January, 1900, Justice Brown of the United States Supreme Court handed down an opinion and decision in the case of Harry W. Dickerman *et al.* against the Northern Trust Company, portions of which are herewith reproduced from the *Supreme Court Reporter* of March 1. Lack of space prevents the reproduction of this notable opinion in full. And yet in such extracts as are given you have a comprehensive judicial description of the mode of procedure followed by Workers of the Trusts who transform credulity and paper into gold, then pocket the product.

The Northern Trust Company, holder of a mortgage upon the property of the Columbia Straw Paper Company of New Jersey, having secured a decree of foreclosure and sale, some of the stockholders of the last-named corporation moved to have it set aside, and they declared among other things:

"That they with other stockholders of the defendant company had been injured by the wrongful manner in which its securities had been issued."

Justice Brown's opinion opens as follows:

"This case presents primarily the question whether a minority of the stockholders of a corpora-

tion have a right to intervene in the foreclosure of a mortgage upon the corporate property for the purpose of showing that the property was sold to the corporation by the connivance of the mortgagees at a gross over-valuation, and to compel the bonds held by them to be subjected to a set-off of their indebtedness to the corporation for unpaid stock."

After reviewing some of the allegations and answers made by the parties to the proceedings, the court says:

"The gravamen of the petitioners' contention is that the bondholders should be held for the difference paid by Stein (a promoter) for thirty-nine mill properties, namely, \$1,887,000 of stock, and the amount for which he subsequently turned them over to the paper company, viz., \$4,000,000 in stock, the difference being \$2,113,000."

That is the judicial way of stating that the promoters in this case pocketed \$2,113,000.

In presenting the easily-understood detailed claims of the complainants, Justice Brown says:

"In support of this contention the petitioners introduced evidence of the following facts:

"In October, 1892, there were about seventy straw-paper mills doing business in the Northwestern states, and having a practical monopoly of the manufacture of straw paper. Some efforts had been made to combine them in a single corporation, but they had proved unsuccessful, when, in February, 1892, the scheme was revived by one Stein, who represented a firm of New York capitalists,

certain other capitalists in Buffalo, who were represented by one Beard, and still others in Chicago.

"As a result of certain conferences between Stein and some others who had previously endeavored to obtain options, Philo D. Beard and Thomas D. Ramsdell undertook to obtain options for the purchase of these mills, to be turned over to a corporation to be organized by Beard and Ramsdell with a capital stock of \$4,000,000. The options did not specify the number of mills that were to join, although it seems to have been understood that the entire seventy were to be gotten if possible; but as a matter of fact Beard and Ramsdell obtained options upon only thirty-nine.

"The options show clearly that it was intended to turn the properties over to the new corporation.

"For these properties they agreed to pay \$2,788,000, part in cash (\$766,000), part in preferred stock (\$629,000), part in common stock (\$1,253,000) and part in notes (\$135,000) of the new company. The stock payments thus aggregated \$1,887,000.

"Instead of calling the mill owners together and organizing a new corporation, Beard and Ramsdell turned over the options to Stein, and articles of incorporation were drawn by a member of the New York firm under the laws of New Jersey, which were executed by Beard, one Taylor, a clerk in the office of the New York firm, and one Heffenheimer, a New York lawyer residing in New Jersey, each of these subscribing for four shares, aggregating twelve shares out of a total issue of 40,000.

"These articles of incorporation were filed in the

office of the Secretary of State on December 6, 1892. The three incorporators met immediately in Hoboken as stockholders, and elected themselves as directors, with six others, two of whom were members of the New York firm, and the others, clerks in their office. Not a single mill owner who expected to become a stockholder was placed on the board at this time, although representations had been made by the syndicate that a majority of the stockholders would be mill owners. Philo D. Beard was elected President, and Samuel H. Gugenheimer, Secretary.

"Immediately thereafter, and on December 10, 1892, Stein, who held all the options, assuming to act as an independent owner, although he had obtained the options for the benefit of the company, and had promised to pay for them in the stock of the company, made a proposition in writing drawn by a member of the New York firm to this Board of Directors to sell the thirty-nine mills to the paper company for \$5,000,000, being an advance of \$2,113,000 over what he had agreed to pay for them.

"This proposition was drafted by the New York firm, and the stockholders upon the day the proposition was received had another meeting, and instructed themselves as directors to accept. They authorized Beard as President to enter into a contract with Stein, which was accordingly done. Stein and wife acknowledged it before a clerk in the office of the Chicago firm.

"This Board of Directors served for only two weeks, when they were succeeded by another

Board composed of Beard, Stein, Heffenheimer and others mostly in their interest. For the next month the members of the Chicago firm were busy in getting the mill owners to deposit their title deeds and abstracts, but nothing appears to have been said to them of what had occurred in New York."

The opinion goes on to tell how the promoters secured a great share of the stock, 3,788 shares of preferred, 14,751 shares of common, aggregating 18,549 shares of the par value of \$1,854,900. The court adds:

"The mill owners, although the largest stockholders, never seem to have been treated as a factor in these operations, and in some way or other the syndicate got possession of \$2,113,000 in stocks and bonds, which they appear to have used in the furtherance of their own interests. From this testimony it would appear. * * *

"3. That the corporation was organized by three parties, who held but 12 shares out of 40,000 shares, one of the three being a clerk in the office of the New York firm, and the other two acting in their interest.

"4. That a member of the New York firm drew the proposition by which Stein offered to sell the properties to a corporation in which the member himself was the only responsible stockholder.

"5. That the owners of the mill properties knew nothing of the organization of the corporation, or of its acceptance of Stein's proposition to sell his properties to the straw-paper company.

"6. That the stock was fixed at \$5,000,000 upon

the idea that seventy mills would join the combination, but, as a matter of fact, only thirty-nine joined, that but \$2,788,000 was paid for these properties, and that \$2,113,000 of stock was distributed among the parties who got up the corporation without any distinct consideration being received.

"7. That the mill owners received stock which was worth but one-half the value of that which they supposed they would receive. * * *

"Assuming these facts to have made out a case of fraud in the organization of the Straw Paper Company, and in the purchase of the mill properties, it is difficult to see how they affect the validity of the bonds, as a whole, the right of the trustees to foreclose, or how they can entitle the complainant to compel the bondholders, so far as at least they were innocent holders, to set off their indebtedness to the paper company for stock against the indebtedness of the company upon the bonds.

"The company did, in fact, go through the form of an organization under the laws of the State of New Jersey, and while the first Board of Directors seem to have been mere tools in the hands of the New York firm, with no real interest in the company, they appear to have conformed to the letter of the law, and until formally dissolved the corporation had a legal existence. * * *

"A list of the parties to whom the bonds were delivered by the Northern Trust Company upon the request of the Straw Paper Company shows that nearly all the bonds were originally issued to Samuel Untermeyer, Philo D. Beard, John D.

Hood, to members of the Chicago firm, and others more or less connected with the organization of the company. But the testimony shows far the larger part of them had been transferred to other parties, presumably for the purpose of raising the \$800,000 deposited with the Trust Company. There is nothing to impugn the good faith of most of these holdings." * * *

Dealing directly with the acts committed by the promoters of the proposed Straw Paper Trust, Justice Brown declares unemotionally, yet severely:

"Somewhat different considerations apply to those who took part in the organization of the company, and in the purchase of the thirty-nine mills, and who received the bonds and stocks of the paper company with notice of the fraudulent character of the scheme.

"We are not disposed to condone the offenses of those who through Beard and Ramsdell and their assignee Stein, as their agents, purchased these plants for \$2,788,000, and immediately thereafter went through the form of repurchasing of their own agents (in fact, of themselves) the same properties at \$5,000,000.

"These men stood in the light of promoters of the Straw Paper Company.

"The promoter is the agent of the corporation and subject to the disabilities of an ordinary agent. His acts are scrutinized carefully and he is precluded from taking a secret advantage of other stockholders. Cook, 'Stock and Stockholders,' Section 651."

"It has been held that, if persons start a company and induce others to subscribe for shares, for the purpose of selling property to the company when organized, they

must faithfully disclose all facts relating to the property which would influence those who form the company in deciding upon the judiciousness of the purchase. If the promoters are guilty of any misrepresentation of facts, or suppression of the truth in relation to the character and value of the property, or their personal interest in the proposed sale, the company will be entitled to set aside the transaction or recover compensation for any loss which it has suffered.—Marowetz. Private Corporations, sections 291, 294, 546.”

“It is true that the options were taken from each owner of the thirty-nine mill plants severally and that no mention was made of the number that were to be taken into the new corporation. But each option contract showed that it was the purpose of Beard and Ramsdell to organize one or more corporations, with a capital of \$1,000,000 preferred and \$3,000,000 of common stock, and with a bonded indebtedness of \$1,000,000. This clause of itself as well as the whole scheme of the contract, indicates that a large number of similar options were to be obtained, and that one or more large corporations was to be organized to conduct the business.

“It goes without saying that it never could have been contemplated that any one or any small number of these mills, which were comparatively insignificant affairs, were to be reorganized with a capital stock of \$4,000,000. The oral testimony indicates that it was the understanding that all the straw-paper mills in that section of the country, some seventy in number, were to be consolidated into the new corporation, and such from the testimony before us would appear to be the fact.

“Now, if it were understood by the owners of these thirty-nine mills, who received in cash and

stock \$2,788,000 for their plants, that Beard and Ramsdell, who held themselves out in the option contracts as promoters of the new corporations, were to transfer these options to Stein, and that the latter was to set himself up as a purchaser and resell these properties to the new corporation for \$5,000,000, it is impossible to suppose that they would have consented to the arrangement.

"Bound as these promoters were to deal fairly and honorably with the stockholders in the new corporation, they were guilty of apparently inexcusable conduct in excluding the mill owners from all participation in organizing the new corporation and putting in their own clerks as directors, and paying off the mill owners in stock which was really of little more than half of the value they must have expected to receive.

"If they were unable to obtain options upon only thirty-nine out of the seventy mills, they should have made known this fact, or at least given to these mill owners the benefit of the surplus stock. Of course, they were entitled to charge a reasonable sum for their services and expenses, but the parties who represented the substantial interests in the new corporations were entitled to be informed of the steps taken.

"We think that no acquaintance with legal principles was necessary to apprise these parties that they were not dealing fairly with the owners of the mills in concealing from them the facts connected with this purchase, and in dealing with the property as if they themselves were the only parties in interest."

The court decides that the foreclosure of the mortgage and the decree of sale ordered to secure payment of the bonds cannot be reversed, for the bonds were "duly issued, negotiated and sold" and are valid obligations of the company, now held by a number of persons who became owners thereof for a valuable consideration. Yet, the court suggests a procedure that may right a wrong, in these significant words:

"These bonds must ultimately be presented for redemption from the proceeds of sale, and we see nothing in the decree appealed from to prevent an inquiry being instituted as to their validity in the hands of their present holders. We are clearly of opinion that, so far as they were purchased by innocent holders, they are not subject to the set-off claimed. The question whether, so far as they are held by parties cognizant of the alleged fraud, they are subject to a set-off, is not one which properly arises in this case, where the bonds must be treated as an entirety, but is a defense applicable to each individual bondholder.

"Mr. Justice Shiras and Mr. Justice Peckham concurred in the result, but were of opinion that the question of fraud was irrelevant to the issue."

But similar questions of fraud in connection with the formation of Trusts will certainly be regarded by the people of the United States as relevant to a dominant issue in the coming presidential campaign.

XI.

John R. Dos Passos tells the Industrial Commission how a trust may change its clothes and laugh at law—His argument against publicity not sustained by all capitalists—A corporation law expert tells how fraudulent organizations are formed.

"I bring you down to our own immediate legislation—What I call our legislation—against Aggregated Capital, and I draw your attention again to the Anti-Trust Act of 1890. Now I am not going to analyze or discuss it. Why are you here? Why are you, gentlemen, sitting here and deliberating, if you have already on the statute books an act drawn by an astute statesman, which illegalizes all combinations, making it a misdemeanor to have combinations in restraint of trade? Why do you want more legislation? Isn't that statute enough? * * * The Sugar Trust was an illegal creation in New York and was judicially declared so. With what result? It walked over to New Jersey, put on a new suit of clothes, came back to New York as a foreigner, and there it is flourishing, and in face of your Anti-Trust act of 1890, and a tremendous Anti-Trust statute in New York. With the New York statute staring it in the face and the awful hand of the Sherman act pointing at it, why, we see the Sugar Trust calmly attending to its usual business as if nothing had happened!—JOHN R. DOS PASSOS, in defense of Aggregated Capital before Industrial Commission, Washington, D. C., December 12, 1899.

Fortunately for Capital and country, those who are authorized to speak for the mighty industrial combinations of the United States do not all agree with Lawyer Dos Passos in his contention that there should be no further legislation in relation to Trusts, which have taken on the form of Corporations. Mr. Dos Passos made a long argument before the Industrial Commission in which he seemed to speak as one who looked upon aggregated Capital as a sacred thing—practically above all further attempts to govern its operations by so vulgar a thing as law. And he assumed the still more dangerous attitude of one flouting at laws already enacted, flinging in the face of lawmakers and people the contemptuous remark that a Trust needs but to change its clothes, and then, like any com-

mon malefactor safely disguised, it may laugh at and defy law with impunity.

Of course if this opinion should be generally accepted by the people of the United States—if citizens should come to believe that any effort to prevent, by the enactment of laws, corporations from doing wrong—if they should be convinced that these combinations were beyond the reach of law, that would be a bad hour for Capital. For where Law fails, Force has had a habit of going to the front in the history of nations.

While Mr. Dos Passas is declaring that "the cry of publicity, in my estimation, is entirely unwarranted by the law and facts," while he is kowtowing to "the men who occupy the elegant residences on Fifth avenue, and on other avenues of the great cities of the country," and proclaiming of them "it should be a matter of pride to point out these men as types of American citizenship, proper incentives to young people of the present age," other representatives of Capital and the Trusts talk in another strain and less effusively. Listen to what they have to say:

From the Industrial Commission's printed digest of evidence, taken by it while examining into the affairs of Trusts and Industrial Conditions, I take the following bits of testimony:

Mr. Havemeyer, President of the American Sugar Refining Company, was asked:

"Q. One word further with reference to the question of publicity. If I understood you correctly you would yourself favor any bill that should

be introduced that would provide for public reports of all corporations if you thought the law would be administered fairly and honestly?"

"A. Well, that requires more thought than I am able to give it at the moment. I can see no real harm in exposing the affairs of a corporation to a governmental inspection, providing some means can be taken to protect that exposure from the advantage of competitors. I will state broadly that where a corporation is dealing particularly in things that are essential to the benefit of mankind—clothing, fuel, oil, sugar, rice, food—anything which is peculiarly, as I have described it, of a quasi public character, it would be beneficial to the public to have them all under governmental superintendence."

"Mr. Gary, President of the Federal Steel Company, declares that it is desirable that all classes of the people should have the fullest possible knowledge of the actual facts concerning great industrial combinations. * * The witness believed that the enforced publicity of the affairs of the corporations under state laws is one of the best remedies for monopoly and abuses. With plenty of investigation and discussion the corporation doing an illegitimate business will not succeed in the long run."

"Mr. Archbold, Vice-President of the Standard Oil Company, says: He considers that the next step in progress will be the establishment of Federal Corporations.

"If such corporations should be made possible,

under such fair restrictions and provisions as should rightfully attach to them, any branch of business could be freely entered upon by all comers, and the talk of monopoly would be forever done away with.' "

Extracts from Mr. Archbold's testimony:

"Q. Would you consider it advantageous to the country as a whole to have greater publicity regarding the business of all the great corporations that now exist? For example, with reference to the amounts of stock that are represented by plant, the amounts represented by patents, by good will, the amounts that are water, and so on. In other words, would you consider it an advantageous thing for the country to have substantially the English corporation law apply in this country?

"A. If it could be put in Federal hands, yes.

"Q. And you would favor, then, the publicity of accounts, the making of reports to the Federal Government quite in detail?

"A. Oh, unquestionably.

"Q. Somewhat the same system as is applied to our national banks?

"A. Unquestionably."

"Mr. Rockefeller, President of the Standard Oil Company, expresses himself in favor of 'Federal legislation under which corporations may be created and regulated, if possible.' "

It would seem from the foregoing testimony and a great deal more of a similar character that the real representatives of great Capital recognize the justice of the demand for publicity, one thing which the Workers of the Trusts fear.

These Trust Workers will tell you that under state laws publicity of the affairs of corporations is assured, but on this point Andrew Carnegie's lawyer, Mr. Dill, testified:

"In New York there is no statute requiring stock and transfer books to be open to stockholders, and although the courts have held that this is a common law right, the stockholder desiring to enforce the right is compelled to bring suit at heavy expense.

Mr. Dill declares that "the strict laws of New Jersey are violated by many corporations, and that there is no effective mode of enforcement. The Attorney-General is authorized to bring suit against corporations for failure to file their annual reports, and the law prescribes a penalty of \$200 per day, but the witness has seen a statement in the newspapers that of 10,000 corporations taken at random not 2,000 have filed these required statements. Personal investigation made by Mr. Dill on the basis of the records in the office of the Secretary of State incline him to believe that the statements thus made are well founded."

I have quoted largely from Mr. Dill's testimony because he is a recognized authority in corporation matters, and his services have been employed by some of the greatest capitalists of the country. On the dangers of over-capitalization and fraudulent issues of stocks, favorite methods of Workers of the Trusts, Mr. Dill is quoted in the Industrial Commissioner's preliminary report as follows:

"Mr. Dill, a corporation lawyer of New York City, believes that, while many corporations with a

very large capital are not over-capitalized, there are many others which have either a fraudulent purpose originally or may become the cause of fraudulent action. Any corporation which is grossly over-capitalized is presumably organized for the purpose of getting the stock into the hands of the public, and in order to do this there must be either misrepresentation or concealment of material facts. The witness knows of one corporation which he was asked to organize, the value of whose assets was believed, after careful examination by his office, not to exceed \$500,000. The proposed capitalization was \$8,000,000, and the company has since been organized for that sum. The prospectus of this company may not contain directly false representations, but it lacks greatly in the statement of material facts.

“Aside from the possible injury to investors from over-capitalization, a fraudulently capitalized company seeks usually to make a show of earnings, and this must result either in robbing the capital or in increasing the prices of its product or reducing the wages of labor.”

Addressing the students of Williams College, Mass., June 8, 1900, Mr. Dill said, among other things:

“That corporation whose stock has been issued upon the principle of millions for nothing, through whose veins flows more water than blood, such a corporation is in a perilous position, because it must, to keep its standing, pay dividends to its stockholders, although that stock was issued upon a basis of an airy nothing.

"This tendency created the so-called pirates among combinations. One class of organizations assuming to sail under the flag of industrial combinations, has been designated as 'gambling specialties.'

"We will not quarrel with terms or designations at this point, but say that many of these organizations were organized, financed, created and floated for the purpose of affording speculation on the street, and without due regard to business or industrial principles. The trustees who were supposed to represent the stockholders represented simply themselves in private speculation. The officers who were supposed to guard the finances of the company for the benefit of the stockholders, used the finances for their own benefit, and for their own personal gain in the way of speculation. Prices were said to be increased, wages were cut down, mills closed, and all the apparent methods of industry used for the purpose of affecting the market value of the stock."

XII.

John W. Gates' career recalls memories of "Jim" Fisk—How he surprised Wall Street by closing down twelve steel and wire mills—Thousands of workmen thrown out of employment without a moment's warning—The stock of the great trust seriously affected—His alleged big winnings.

John W. Gates, one of the organizers and promoters of the \$200,000,000 Federal Steel Company, and creator of the \$90,000,000 American Steel and Wire Company, will be remembered in Wall street for many years to come as a financier entitled to more distinction than that achieved by Jim Fisk. But Mr. Gates is more than a Wall street celebrity now. He has attained national distinction. Through his orders several thousands of men employed in twelve mills of the American Steel and Wire Company were thrown out of employment in May, 1900, the mills shut down, and the stock of this great money-making corporation received a heavy blow. The sudden closing down of these mills was a complete surprise to the public, for almost daily during the six months previous to the closing the newspapers had been fed with glowing reports of the condition of the American Steel and Wire Company and suggestions that the mills of the concern would have to work overtime to fill orders.

On a Monday before it was generally known in Wall street that the mills of the Steel and Wire Company were to be closed, large blocks of stock were eagerly purchased by various Stock

Exchange houses. The conservative New York *Tribune* of Wednesday, April 18, went as far as it dared to in the way of commenting upon Mr. Gates' action, and said:

"John W. Gates has never been credited with being in business 'for his health,' as the common expression is, so it was felt in Wall street yesterday to be a pity that he is, as he said on Monday, not interested in the stock market. For there were great possibilities of gain in the stock market for the man who had the power, and used it, to shut down suddenly a third of the plants of a great steel manufacturing corporation, in the face of a concurrence of expert opinion that the iron and steel industry was still prosperous, if such a man had only been familiar with the process known in Wall street as 'selling short.' As it is, somebody or some set of men has undoubtedly reaped rich advantage from the move of the American Steel and Wire Company, while all that Mr. Gates has earned, as far as the absolute knowledge of the public goes, observers of the situation said yesterday, is the reproach of his associates in the steel business and an added measure of popular distrust for the properties with which he is identified. But there might be compensating benefits, it was suggested.

"Naturally, as the most influential factor in the American Steel and Wire Company, Mr. Gates holds stock of the company; and not less naturally, it was said yesterday, he would seek to part with his stock on learning that the company was in a bad way. So it was no surprise yesterday to various Stock Exchange houses when there were delivered to them blocks of Steel and Wire preferred stock in the name of John W. Gates, which stock had been bought by them on Monday. Steel and Wire preferred ranged on Monday between 85 and 80¾, closing ⅛ per cent. above the lowest. Yesterday it dipped as low as 77¾, affording an excellent opportunity for one who had sold outright at around 85 to reinvest, or to one who had sold short to cover, as the stock rallied to 81½ at the close."

In presenting his reasons for closing the steel and wire mills, Mr. Gates said, in part:

"It all amounts to this: The steel and wire business is in bad shape. It has been getting worse constantly, and the mills of every sort have been

running on orders that they obtained six or more months ago. The demand to-day, in our line at least, and I think proportionately so in the other departments of the steel trade, is only about 30 per cent. of the volume it should be. For instance, we have been making five thousand and six thousand tons of finished products in the justified expectation of selling about six thousand. We have, in fact, been selling only two thousand or three thousand tons. That illustrates the situation." He said further that he was not interested in the stock market.

It may be true that the steel and wire business was "in bad shape" as Mr. Gates declared it to be, for the Board of Directors of the American Steel and Wire Company sustained him in shutting down the mills, but this does not lessen the force of the following query and criticism:

"If the company is now in bad condition some indication of this must have been observed several weeks ago by those who govern the affairs of the big steel and wire combination; but it was only a fortnight ago that insiders sent out the most optimistic reports regarding the company's business. If the management knew that business was poor it did not admit the public into its confidence. Why?"

The writer cannot confess to any feeling of sympathy for speculators who are tricked in Wall street—those who are really deserving of sympathy in the case under consideration being the men who have been thrown out of employment and the

women and children dependent upon them. And attention is directed in this letter to Mr. Gates' operations simply because in his acts we see a Worker of the Trusts at work, furnishing a most instructive lesson to the people of this country on the eve of a presidential campaign. That workingmen alone are not the sole sufferers by the closing of Mr. Gates' mills is patent from the following statement clipped from the financial columns of the *Tribune*:

"The street has been frightened by the tales of woe from Chicago, but the chances are that the American Steel and Wire Company will find it convenient to start its works just as soon as certain insiders have bought back the stocks which they sold before they suddenly discovered that the steel and wire business was going to the dogs. The Brooklyn 'financier' who has just been found guilty of larceny will think over his misdeeds behind prison bars for several years to come. The law discriminates at times, but not always wisely. Manipulation of stocks by unscrupulous speculators has not yet put any one in jail, but the time may come when the honest element in Wall street will be able to congratulate itself upon the arrest, indictment and conviction of stock market thimble-riggers.

"The gross manipulation in the steel shares has hurt Wall street. It has not injured the worth of railway securities or upset the bank accounts of important market interests, but it has alarmed the public and unsettled confidence in industrial concerns. Fortunately, there are not many industrial companies whose managers are gamblers, but industrial companies generally have suffered in public estimation because of the stock manipulation in a few. The management of most steel companies is made up of able business men who are not speculators, but their companies' stocks have suffered because of the developments in American Steel and Wire.

"Speculators who are followers of legitimate market operations will do well not to enter the game that the Chicago gamblers are playing. The Chicago clique is playing with marked cards and loaded dice. Wall street has had many scandals, and the Steel and Wire scandal takes rank among the worst."

Mr. Gates was brought before Magistrate Zeller

of New York City on the charge of violating the law prohibiting the giving of false information concerning a corporation. The charge was dismissed. He resigned the chairmanship of his Board of Directors, was succeeded by one of his friends, then he sailed for Europe to enjoy an outing on the Continent.

Careful investors, as a rule, are not disposed to invest a great deal of confidence in any head of a business concern who is addicted to gambling. That is one reason why one class of Wall street investors avoided Jim Fisk's enterprises when he was at the height of his power. In April last the morning papers announced, under flaring headlines, that John W. Gates and young "Joe" Leiter had spent the largest part of their time during a ride from Chicago to New York in playing poker for enormous stakes. Leiter was credited with having won a million dollars from Gates. No official denial of this story was made until the *New York Herald* printed a letter, of which the following is a copy:

AMERICAN STEEL AND WIRE COMPANY.

J. W. GATES, President.

New York, April 16th, 1900.

The Financial Editor "The Herald,"

New York City.

Dear Sir:—

Some time ago your paper gave considerable space to a poker story, wherein it was set forth that J. W. Gates had lost something like a million dollars at poker at the Waldorf (an absolute fabrication by the way). Since you chronicle the losings of gentlemen like Mr. Gates, perhaps you are equally as anxious to distribute knowledge of their winnings. If so, let it appear on your financial page that *during the late rise in railroad stocks, J. W. Gates has*

made between three and four million dollars (which is true), principally in B. & O. and Union Pacific stocks, both great favorites of his.

By doing this you will greatly please,

Very sincerely yours,
W. A. Holland,
Secretary to Mr. J. W. Gates.

Mr. Gates had nothing to say about the foregoing letter until questioned by a *Sun* reporter, who subsequently wrote the following:

"John W. Gates, chairman of the directors of the American Steel and Wire Company, was asked yesterday about the letter that W. A. Holland, his secretary, sent to a morning newspaper recently, which announced that Mr. Gates had made profits of about \$4,000,000 buying stocks, particularly Baltimore and Ohio and Union Pacific.

" 'Well, the man isn't here now,' he replied. 'I didn't authorize him to send the letter.' "

An estimate of the magnitude of the corporation controlled by this poker-playing chairman of the American Steel and Wire Company may be formed by reading the following extracts from the testimony given by him to the Industrial Commission at Washington, November 14, 1899:

"We are owners of iron mines, miners of iron ore, owners of coal mines, miners of coal, burners of coke. We operate eight or nine blast furnaces, three Bessemer steel works; we have, either built or in process of construction, seventeen open hearth furnaces, about twenty-two to twenty-five rod rolling mills, and twenty to thirty wire mills; and our finished product is plain wire of every shape and

kind used in America, barbed fence wire, wire nails and every kindred article in the wire line."

"Wire fences?"

"Yes; wire fencing of all kinds, wire clothes lines, wire rope, wire for electrical purposes. We make a large share of the copper as made in this country—about two-thirds."

"What proportion of wire nails do you produce?"

"I presume that varies from 65 to 90 per cent.
* * * We have a monopoly of the barbed wire. We practically own every patent on barbed wire and machinery in existence in the United States and we claim that no one can manufacture barbed wire without infringing our patents. * * * There is a great deal of woven wire fencing made in this country. We claim monopoly under patents of most of the woven wire fencing under patents that we purchased and we get a very much larger profit on that than we do on the plain fence wire or even barbed wire or wire nails, for the reason that we own patents on the machinery and the patent on the product."

"How many men do you employ?"

"Do you mean including everything in full?"

"Yes; in the iron industry, both mining and manufacturing?"

"Well, if I should guess, I should guess 36,000," replied Mr. Gates.

Mr. Gates was asked: "What effect will the present high prices have upon consumption in the future in the steel business?"

"I have thought they would check it," said the witness, "but in talking with railroad presidents, I have made up my mind that it would not give much

of a check. Certain it is that our railroad presidents, and men who have made a study of this thing, believe that these high prices are going to rule for two or three years."

At the Chicago Conference on Trusts, a delegate interrupted Bourke Cochran's address to ask the following question concerning a Trust which Mr. Gates helped to organize, but the question was not answered:

"Take the Federal Steel Trust. It was organized with a capital of \$200,000,000. In less than six months' time every product of that Trust—steel, iron, nails, barbed wire and all the necessities of the farmers, and everything that enters into the construction of buildings in every city in this country, and in the construction of every farmhouse in the United States, had been increased from 100 to 126 per cent., whereas labor in the mills, as shown by the Amalgamated Steel Union, has only risen about 10 to 25 per cent. Now, I wish to know if the consumers of this country have not been robbed of that 90 and 100 per cent. difference between the price of labor and the price of the finished product furnished to the 50,000,000 farmers in this country?"

XIII.

A radical Congressional measure which proposes confiscation of "Trust" goods—We shall have to wait awhile before we can know if the bill was meant for political effect or for enforcement—Great corporations show no signs of fright.

It was announced that the Republicans of Congress would pass an anti-Trust bill as a reinforcement of the weak points of the Sherman Act. This was to be done for the purpose of forestalling action which the National Democratic Convention was expected to take in the way of declaring war on the Trusts. One section of this new bill provides that property of Trusts violating the Sherman law may be seized in transit and condemned, and that a severe penalty may be imposed upon the railroad engaged in the transportation of forfeited goods. Another section provides as follows:

"The claim that any testimony or evidence given in any case brought under the act of July 2, 1890, being an act to protect trade and commerce against unlawful restraints and monopoly, and known as the Sherman act, or that the introduction of any books, papers or documents may tend to incriminate the person giving such testimony or evidence, shall not excuse such witness from testifying; but such testimony or evidence shall not be used against such person on trial of any criminal proceeding."

Other provisions are summarized in these words:

The bill requires the branding or marking of Trust-made goods shipped out of a state, so as to be easily identified as the product of a Trust.

Requires corporations having a capital of more than \$1,00,000, or doing an annual business of \$1,000,000, to file reports of their affairs with the Secretary of State.

Provides for the process of injunction against combinations sending Trust-made goods from state to state or to foreign countries.

Prohibits the use of the mails to concerns proved to be Trusts and to their officials.

The provisions of this new anti-Trust bill, which politicians say was framed to meet the emergencies of a presidential campaign, would seem to threaten the very lives of some of the great corporations that are popularly regarded as Trusts. Yet this proposed legislation does not appear to have been taken so seriously in Wall street as to affect stocks in even the faintest degree. The great corporations which are called Trusts have demonstrated their ability to cope with the drastic anti-Trust law of New York and other states, with the Sherman Act thrown in, and show no signs of panic because of proposed additional hostile legislation. The serenity with which these corporations regard the latest anti-Trust measure is doubtless due in a measure to the fact that no goods can be confiscated unless it shall be legally shown that they are manufactured and sold in violation of law. That is to say, it must be first shown conclusively that a corporation is a Trust before its goods can be branded as the products of a Trust or confiscated as such.

It must be borne in mind that all of the mighty

combinations of capital organized as corporations have been formed by some of the ablest lawyers in the land with a view to meeting every legal requirement of organization. They feel that these combinations will be in no danger until the laws regulating the formation of corporations are radically changed. And after all is said it must be apparent to those who have studied anti-Trust laws already upon the statute books that the future welfare of the great Trusts or corporations, call them what you may, will depend largely upon the man or men called upon to enforce the laws. For the severest anti-Trust law may become a dead letter in the hands of an official or officials friendly to corporative interests.

No matter what legislation may be enacted by Congress in the way of dealing with the Trusts, the sincerity of the men behind this legislation will be discussed by the country. For under Democratic and Republican administrations as well the Trusts have grown and flourished, more notably, however, during the last three years. The question will be asked: Which of the two great political parties is most friendly to the Trusts?

On December 3, 1899, Mark Hanna, one of the dominant figures of the Republican party, dictated the following statement to the reporter of a New York daily paper:

"So long as the Trusts have not proved a menace to business nor to the laboring interests of the country, so long as all that is said about them is merely talk and nothing but talk, so long as they

have not proved a curse to the country, I believe they should be let alone.

"This combination of capital for one purpose or another is not a political question at all. It is a business question and ought not to have been brought into politics."

That does not sound like the utterance of one who may reasonably be regarded as hostile to Trusts. Yet at the recent Republican State Convention in Ohio, the following declaration was made in the platform:

"The Republican party of Ohio stands committed to legislative and executive opposition to the threatening combinations of capital that seek to resist competition and stifle independent producers.

"We insist that injurious combinations shall be forbidden and so-called Trusts shall be so regulated from time to time and be so restricted as to guarantee immunity from hurtful monopoly and assure fair treatment and protection to all competing industries."

It is fair to assume that this plank in the Republican platform was placed there solely for political effect, for Senator Hanna dominated the Ohio State Convention, and it is known that he still believes there is no justification for the hue and cry raised against corporations in general. "So-called Trusts" is the term which Senator Hanna uses in referring to great combinations of Capital. When the Standard Oil Company left the State of Ohio, the Senator expressed his deep regrets, and severely criticised those state officials who were believed to be

responsible for the Oil Company's abandonment of the state.

Here it may be of interest to my readers to scan an extract from the testimony given by George Rice before the Industrial Commission at Washington November 11, 1899. He is a witness who asserts that proper efforts to enforce the anti-Trust laws have not been made:

"I am a citizen of the United States, born in the state of Vermont. Producer of petroleum for more than thirty years, and a refiner of same for twenty years, but my refinery has been shut down during the past three years, owing to the powerful and all-prevailing machinations of the Standard Oil Trust, in criminal collusion and conspiracy with the railroads to destroy my business of twenty years of patient industry, toil, and money in building up, wholly by and through unlawful freight discriminations. I have been driven from pillar to post, from one railway line to another, for twenty years, in the absolutely vain endeavor to get equal and just freight rates with the Standard Oil Trust, so as to be able to run my refinery at anything approaching a profit, but which I have been utterly unable to do. I have had to consequently shut down, with my business absolutely ruined and my refinery idle. This has been a very sad, bitter and ruinous experience for me to endure, but I have endeavored to the best of my circumstances and ability to combat it the utmost I could for many a long waiting year, expecting relief through the honest and proper execution of our laws, which have as yet, however,

never come. But I am still living in hopes, though I may die in despair."

After Mr. Rice had testified at great length concerning his disastrous encounter with the Standard Oil Company, substantiating much that he said by documentary evidence, he was questioned as follows by Representative Livingston:

"Please explain why the anti-Trust act is not executed. A. Because the Attorney-General does not enforce it as he ought to enforce it.

"Q. Can it not be enforced in the states independent of the Attorney-General? A. No. The act says that it must be done through the Attorney-General of the United States and his deputies. You know he has about seventy-five deputies under him. I will just read Section 4:

Sec. 4. The several circuit courts of the United States are hereby invested with jurisdiction to prevent and restrain violations of this act; and it shall be the duty of the several district attorneys of the United States, in their respective districts, under the direction of the Attorney General, to institute proceedings in equity to prevent and restrain such violations. Such proceedings may be by way of petition setting forth the case and praying that such violation shall be enjoined or otherwise prohibited. When the parties complained of shall have been duly notified of such petition the court shall proceed, as soon as may be, to the hearing and determination of the case; and pending such petition and before final decree the court may at any time make such temporary restraining order or prohibition as shall be deemed just in the premises.

"Q. Has there been any effort made in your state to enforce that by any one of those solicitors? A. I do not know. I have had correspondence with the Attorney-General of the United States myself in regard to proceedings against the Standard Oil Trust, but he doesn't act. I wrote him a year ago.

"Q. Have you that correspondence? A. No, I haven't it with me, but that is the great trouble with the whole business. If this anti-Trust act which was passed had been immediately enforced, I do not think there would have been this epidemic of Trusts we have to-day, because they can enjoin and prohibit and confiscate their goods. I will just read that part of it:

Sec. 6. Any property owned under any contract or by any combination or pursuant to any conspiracy (and being the subject thereof) mentioned in section 1 of this act, and being in the course of transportation from one state to another or to a foreign country, shall be forfeited to the United States and may be seized and condemned by like proceedings as those provided by law for the forfeiture, seizure and condemnation of property imported into the United States contrary to law.

"They can enjoin. Suppose all these seventy-five attorneys were under orders from the Attorney-General of the United States to proceed against everyone; it would make a great difference. But, of course, it would not amount to anything unless you get some of them in state prison—fines with them don't amount to anything.

"Q. (By Mr. Jenks.) Do I understand you to say that in your correspondence with the Attorney-General the Attorney-General declined to enforce the law? A. He made excuses from one thing to another; that he hadn't the time to look into it, and the Assistant Attorney-General had gone to Europe and hadn't got back.

"Q. What does the Interstate Commission say about it? A. They do not decide my cases; they do not decide this gross freight discrimination.

"Q. Do they give you any reason why they do

not decide them? Have you any correspondence here that will show that? A. Yes, here is the decision of this case.

"Q. (By Mr. Phillips.) When was that decision rendered? A. April 9, 1892. They were brought in March, 1889, and April 26, 1889. They did not decide them until April 9, 1892, and then they only partially decided them and left them all open for additional evidence.

"Q. (By Representative Livingston.) Additional evidence on which side? A. And, of course, it so disgusted me that I would not have anything more to do with it; I would not take any more evidence. I had spent a lot of money and I had a first-class lawyer, one of the finest in the United States, and a railroad man, to see to the cases, and proved all that I charged, and then they hung them up."

XIV.

The Chicago trust conference delegates generally agreed that there ought to be additional laws—Bourke Cockran, however, declared that existing laws are evaded in most states—The Political Trust alternately master and servant of all Trusts.

In the preface to a stenographic report of the most extended and interesting discussion of Trusts had in this country since these powerful combinations of capital have been under discussion, a report printed by the Civic Federation of Chicago, President Franklin Head says:

"The discussions of the general subject of Trusts and trade combinations during the past summer occupied seemingly more than any other the public mind. Their greatest need in such discussions seemed, to use the happy expression of Lyman Abbott, to be light, not heat. For the purpose of eliciting the fullest possible discussion of such subject from all standpoints, the Civic Federation of Chicago invited the Governors of the various states and the leading commercial, industrial and labor organizations to send delegates to a conference to be held in Chicago from the 13th to the 16th of September. A considerable number also of students of economics from the various colleges and universities were invited to give expression to their views upon the same general topic. The response to this invitation was most gratifying and a most able and intelligent body of men from all parts of the country assembled for such a conference.

"The delegates appointed by the Governors rep-

resented every interest in their respective states, including Congressmen, ex-Congressmen, ex-Governors, ex-Supreme Court Judges, Attorney-Generals, Presidents of banks, Presidents of railroads, manufacturing and commercial organizations, and representatives of labor, agricultural and educational interests."

Many speakers took part in the four days' discussion of the corporations which are generally referred to as Trusts. These combinations of capital were as warmly defended on the one side as they were fiercely assailed on the other. In one point the disputants with but few exceptions agreed, and that was the conceded necessity of legislation requiring the Trusts to make public—that is to say, to file with Secretaries of States—certain information now concealed from all except those who are within the inner circles of these corporations. Bourke Cochran expressed the dominant sentiment of the conference in the following words:

"Wherever we discover corporate abuse we find that it is developed in secrecy, originates in secrecy. Special favors could never be granted in the light of day. Misrepresentations would be useless if all the facts within the knowledge of corporate officers were imparted to the public. Fraud upon corporations by the directors would never be attempted if their operations were conducted within full view of the stockholders and of the public.

"Everybody who has discussed corporate misconduct on this platform has agreed that it is encouraged by the secrecy surrounding corporate

management. What objection can there be to publicity? We are told that corporate management is private business. This certainly is not true of corporations engaged in operating public franchises. Such corporations are government agencies, and the right of the people to full information concerning the operations of public agencies cannot be questioned under a republican form of government. Corporations of every kind are created for the purpose of encouraging industry and promoting prosperity. Whenever they become engines of fraud or oppression they are perverted from their original purposes. Secrecy being the source of evil, publicity is its natural antidote.

"The pretense that publicity would injure the interests of stockholders is a device to plunder them. Under the cloak of secrecy stockholders have been robbed quite as extensively as the people have been oppressed."

"Every stockholder should have the right to examine the books of a corporation and to learn every detail of its operation. If it be objected that to allow the holder of a single share in a corporation capitalized for millions to examine its books at pleasure would disturb its business, the answer is simple. If a corporation doesn't want a great number of stockholders it need not have them. It has but to divide its capital stock into shares of \$500 or \$1,000 or \$10,000 each in order to reduce the number of its shareholders. Corporations divide their stock into a greater number of shares because it is easier to raise money from many persons con-

tributing each a small sum than from a few persons each contributing a large amount. If the corporation enjoys the advantage of such a subdivision of its capital it should accept a corresponding responsibility to every individual shareholder. Indeed, under existing laws every stockholder has a right to examine the books of a corporation, if the courts would enforce it. In this respect the only new legislation necessary is an act compelling the courts to grant as a matter of right what to-day they grant as a matter of discretion.

"Every corporation should be compelled to file with the Secretary of State, at its organization, a statement of all the property, franchises, good will and assets of every description on which its capitalization is based. It should be compelled to make a full report every year of all its business to some department of the state. This is the law to-day in nearly every state, but I believe it is evaded in all of them. The reports are invariably misleading, when they are not incomprehensible.

"The powers now exercised in almost every state by the Department of Insurance and the Department of Banking should be extended so as to make it the duty of some public authority to examine the condition of every corporation, to scrutinize its operation and to institute criminal proceedings against any officers attempting to practice fraud or concealment in preparing the reports exacted by law.

"Finally, the violation, evasion or disregard of any of these provisions should be punished by long terms of imprisonment. Where great sums are to be gained by disobeying the law, fines will not se-

cure obedience to it. Under such circumstances, fines are too often regarded as mere taxes on financial operations, to be collected subsequently from the public."

A notable illustration of the truth of this last statement is found in the fact that three agents of the wealthiest Trusts in this country were, on a jury trial at Buffalo, found guilty of a conspiracy to ruin a small oil refiner's business, whose works had been blown up by one of their tools. They escaped, each with a paltry fine of \$250.

E. C. Crow, Attorney-General of Missouri, presented to the Chicago Conference his remedy for the evils of the Trusts in these words:

"I am firmly of the opinion that the state should enact laws providing that no corporation should be organized for any but public and quasi public purposes. The argument will be made that corporate control of business is so absolute and easy that trading corporations are a necessity. It is true that the control of a trading corporation is easy, because it depends on enough dollars to buy a majority of the stock, and not on the brains of the individual shareholder. One man may buy enough shares of stock to control a corporation, yet there may be a hundred stockholders. Let us have laws enacted that declare the members of a corporation responsible to the same extent as the members of a co-partnership for the debts, acts and liabilities of a corporation. The mere caution of men risking their all in one business venture will prevent the

formation of great Trusts where individual liability exists."

Another reformer suggested a bill based upon the following extract from the drastic revenue laws of Newfoundland—the Act of 1898:

"1. Whenever the Governor in Council has reason to believe that with regard to any article of commerce there exists any Trust, combination, association or agreement of any kind among manufacturers of such articles or dealers therein, to unduly enhance the price of such article, or in any other way to unduly promote the advantage of the manufacturers or dealers at the expense of the consumers, the Governor in Council may commission or empower any Judge of the Supreme Court to inquire in a summary way into and report to the Governor in Council whether such Trust, combination, association or agreement exists.

"2. The Judge may compel the attendance of witnesses and examine them under oath and require the production of books and papers, and shall have such other necessary powers as are conferred upon him by the Governor in Council for the purposes of such inquiry.

"3. If the Judge reports that such Trust, combination, association or agreement exists, and if it appears to the Governor in Council that such disadvantage to the consumers is facilitated by the duties of customs imposed on a like article, when imported, then the Governor in Council shall place such article on the free list, or to reduce the duty

on it as to give to the public the benefit of reasonable compensation in such article."

It is true, as Mr. Cochran declared, that in nearly every state of the Union there are laws which if enforced would insure publicity where concealment is now had. John R. Dos Passos, a distinguished corporation lawyer, told the Industrial Commission at Washington that there was no need of further anti-Trust laws, and practically flung in the faces of the Commission the fact that these great corporations are not restrained by existing laws. James B. Dill, one of Andrew Carnegie's lawyers, and legal adviser to various powerful corporations, told the Commission of the failure of many corporations to comply with the requirements of the laws of his state. Ex-Governor Altgeld is upon record as declaring that it is useless to legislate against the Trusts—that Democrats and Republicans alike have failed to enforce anti-Trust laws; and in that opinion many concur.

Present laws, the Sherman act, the anti-Trust acts of various states having failed to accomplish desired results, the thoughtful citizen may feel disposed to ask: Of what use will it be to pass additional anti-Trust laws? Having asked this question he will naturally make the further query: Why are not present laws efficacious? If the writer were called upon to make answer, he would reply that the Trusts may regard with absolute serenity all professedly hostile legislation so long as these corporations are blackmailed and protected by the greatest of all Trusts in this country—the Political

Trust. For in this Political Trust are Republican and Democratic bosses, each of whom controls Aldermen, Assemblymen, State Senators, members of Congress, and in many instances officials whose duty it is to enforce the provisions of law. Politicians may fulminate against the Trusts for political effect, but the Trusts will not cease to smile at the harmless demonstrations so long as the Political Trust is willing to accept campaign subscriptions from any and every corporation. The Trusts will not believe there is real cause for alarm so long as this far-reaching Political Trust, with branch offices in every city and hamlet of the country, is engaged in that work which has been fitly characterized in the editorial columns of a leading American journal as The Sale of Law.

XV.

CAPITAL'S OFFER TO LABOR.

Three corporations invite the co-operation of their employes in business—Two somber pictures of fancied future social conditions that may prove to be no more than the creations of pessimistic minds—No one can predict with certainty.

Speculating as to the probable ultimate triumph of Socialism, Herbert Spencer has drawn a gloomy picture of the future in which the voluntary industrial organization is displaced by a compulsory industrial and Socialistic organization, a state in which "the brain worker will find there are no places left save in one or other public department; while the hand worker will find that there are none to employ him save public officials. And so there will be established a state in which no man can do what he likes, but every man must do what he is told."

The Socialist, on the other hand, declares that Spencer has drawn a picture of conditions inevitable if the Trusts go on adding function to function; that if the great corporations are permitted to drive the small shopkeepers, artisans and manufacturers out of individual business they and all the brain workers will eventually become no more than cogs in a great wheel, ever engaged in crushing out individuality. It is the fear of such a condition that has given great stimulus to the idea that the power of Corporate Wealth must be restrained. Everywhere throughout the country men of moderate

means, and men of no means, and thoughtful mothers as well, have grown apprehensive as to the future of their sons and daughters. These fears are expressed somewhat after this fashion:

"The avenues of individual business are rapidly closing. It will soon be impossible for our sons to embark in any small business enterprise with hopes of building upon it a fortune or even a competency. The small shopkeepers are already doomed; the shops they have vacated confront you on every business thoroughfare. The shoe stores are controlled by the Trusts, the blacksmith no longer makes horseshoes in his shop, the butcher is dependent upon a Beef Trust, the individual tailor is being pushed aside by the department stores, so are the milliners and the dressmakers and the haberdashers. The corporations control the sale of all anthracite coal, bagging, brass goods, rolled copper, glass, iron, steel, chains, nails, shovels, pipe, glucose, kerosene, oil, matches of first grade, raisins, felt and slate roofing, powder and ammunition, stoves, sardines, starch, snuff, tobacco, solder, scythe snaths, tin plate, tinware, white lead, white pine, lumber, yeast cakes, woodenware, linseed. The Trust and Title Guarantee Companies are rapidly taking away business from the lawyers who formerly derived handsome revenues from searches, the procurement of loans upon real estate, the making and probating of wills, the care of estates. The small shipbuilder, the carriage maker, the maker of furniture, the housebuilder of small means, are all going to the wall. In all our large cities there are hundreds of college boys either vainly seeking remunerative employment or employed at

rates less than those demanded by mechanics. The best that the majority of young men and young women may hope for in the future, if the Trusts continue to augment their power, is to become mere cogs, small wheels or inconspicuous parts of the machinery of an industrial world in which the magnates of wealth must become supreme. To many young men there will be nothing to look to beyond a private soldier's uniform and probable graves in the Philippines or other American colonial possessions."

These are sombre pictures, which may prove to be no more than the creations of unreasonable fears, for, although the philosopher may speculate and the prophet predict, no man can find any point of vantage in the past experiences of this country from which he can see into the future, or accurately reason out what is to come. We are passing through an experimental stage of commercialism, the like of which has no counterpart in the history of this or any other country. The makers of the Trusts no more certainly know what the ultimate outcome of these gigantic combinations will be than those whose apprehensions are aroused by them. Here and there, however, the careful observer can see some small signs which may indicate a brighter future than the pessimist contemplates, faint indications that those who are called the Captains of Industry and those who serve them unwillingly but as a matter of necessity, may yet solve the great social problem of centuries by co-operation in which all will be united by a common bond of interest.

One of these signs is manifest in the following, clipped from the news columns of the *New York Herald*:

**"LABOR AND CAPITAL JOIN THEIR FORCES. SECRETARIES
OF FIVE UNIONS TO BE DIRECTORS IN A
NEW COTTON CONCERN.**

"Fall River, Mass., May 10. An organization will be formed here shortly which will be the first of its kind in this part of the country, and it will be watched with interest by both capital and labor.

"The secretaries of the five big labor unions, together with National Representative William S. Greene and former City Solicitor Phillips, have signed an agreement to incorporate the American Cotton Company, for the manufacture of fine cotton goods.

"The capital will be \$1,000,000, divided into 40,000 shares of \$25 each, in order that the working class of the city may be induced to subscribe. The secretaries will also be directors.

"All the secretaries have the same general idea of the good that may be accomplished by a co-operative mill. They think that the salvation of this community is in fine cotton goods, made with the care and speed that ought to accompany skill and intelligence among operatives. Not one of them believes that the frequent complaints of the restrictions that have been placed upon Massachusetts cotton manufacturing by the Legislature has any real foundation. They think the business offers great opportunities for profit if a better system is used."

On May 25, 1896, President Fish, of the Illinois Central Railroad, issued a circular addressed to the "officers and employes of the Illinois Central Railroad," in which they were invited to become shareholders. This circular in part read as follows:

"On the first day of each month the company will quote to employes, through the heads of their departments, a price at which their applications will be accepted for the purchase of Illinois shares during that month. An employe is offered the privilege of subscribing for one share at a time, payable in installments in sums of \$5 or any multiple of \$5 on the completion of which the company

will deliver to him a certificate of the share registered in his name on the books of the company. He can then, if he wishes, begin the purchase of another share on the installment plan. The certificate of stock is transferable on the company's books, and entitles the owner to such dividends as may be declared by the Board of Directors, and to a vote in their election.

"Any officer or employe making payments on this plan will be entitled to receive interest on his deposits, at the rate of 4 per cent. per annum, during the time he is paying for his share of stock, provided he does not allow twelve consecutive months to elapse without making any payment, at the expiration of which period interest will cease to accrue, and the sum at his credit will be returned to him on his application therefor.

"In case an employe leaves the service of the company from any cause, he must then either pay in full for the share for which he has subscribed and receive a certificate therefor, or take his money, with the interest which has accrued.

Forrest Crissey, in the *Outlook* of May 13, 1899, said of President Fish's experiment:

"So rapidly did this new gospel of shareholding spread among the employes that June 30, 1898, found the plan at this stage of development: Employes to the number of more than 700 owned stock in the road. The shares subscribed for by these men of the pay-roll amounted to 2,042, of which 1,569 were fully paid for, the certificates having been issued to the subscribers. This left 473 shares in process of payment under the provisions stated in the President's circular. The deposits on these shares reached the considerable figure of \$28,621.49. The total number of shareholders then living in this country was 3,365, and they owned 237,709 shares. While there has been a steady increase in the number of employes who have invested in shares since June 30, 1898, the increase has not been large,

owing to the marked appreciation in the value of the stock."

Vice-President Welling, of the Illinois Central Railroad, said, after the shareholding scheme had two years' trial:

"All classes of employes have availed themselves of the opportunity to purchase stock through the company, and many are constant subscribers, making application for another share as soon as they have paid for the outstanding one. The rise in Illinois Central stock has tempted some to sell in order to realize a profit on their investment, and at the same time it has deterred, to some extent, would-be subscribers who are not yet accustomed to seeing the stock above par. The greater part of the subscriptions were made when the stock was below par, and as there has been a steady advance in the price of the stock, subscribers are well satisfied with their investments.

"The acquisition of a part ownership in the company's property, with a vote in the conduct of its affairs, is an educational factor in bringing home to the mind of the employe having such ownership the relation and inter-dependence of labor and capital. He needs no argument to convince him of the soundness of the proposition that his hard-earned savings invested in the road are but a part of his labor transmuted into capital, helping to furnish employment to other workers and adding to the material welfare and prosperity of the commonwealth, as well as yielding, under prudent management, a fair return on his labor investment. He must of necessity grasp the meaning of co-operation and what is necessary to protect and sustain it."

The efforts that have thus been made by a railroad company and cotton mill owners to secure the co-operation of their employes indicates a commendable desire to unite the interests of Capital and Labor. When, however, the widespread belief that corporations for the greater part are over-capitalized shall have no basis of fact, when the fear of watered stock shall have been dispelled, proposed co-operation between employer and employe may prove more attractive to the laboring masses than at present.

XVI.

ARE THE TRUSTS FAVORED?

Judge Gaynor attacks the Standard Oil Company—Interesting extracts from testimony given by John D. Rockefeller and others—Francis Lynde Stetson, former law partner of Grover Cleveland, is opposed to “coddling” investors by passing laws for their benefit—A challenge to Socialism.

Speaking of “Trusts, Economically and Legally Considered,” Justice William J. Gaynor of the Supreme Court, New York, said at one stage of an address delivered before the Department of Law of the Brooklyn Institute May 18, 1900:

“The railroads in this country, my friends, are nothing in law but the public highways of the country. They are just as much the public highways of the country as the toll roads and the free roads which they superseded. From the beginning of our history the carrying of freight and the carrying of passengers as long as we have any record of time was deemed a public matter and a governmental matter, and a matter to be regulated by government and for government to keep control of. Now, that being so—they being our public highways, over which all of us have a right to go—can you conceive of anything more demoralizing, anything, I may say, more criminal, than that one man may carry his freight at one-half what another man carries it? That combinations of capital and combinations of wealth may carry their freight at a figure so reduced that they can destroy all those who are in

competition with them? Why, it is an obvious matter that the freight rates are at the bottom of all distribution. That is the most essential matter you can conceive of in the distribution of the community—the rates which have to be paid for freights. If one man can get a freight rate which enables him to sell his product at a cheaper rate than the man in competition with him, why he can destroy his competitor, can't he?

"The Standard Oil may be cited as an example. The men who organized it were no better at digging oil wells than those who were on the oil fields, but when it could get its freight carried for 60 cents a barrel and its competitors were charged \$1.60 to \$2 a barrel, it meant that its competitors could do nothing else than turn their business over to it. If all these people were on the same level the big fish would not be able to eat the little fish."

"It seems to me, my friends, that this is the root of the evil in this country. It seems to me that the American people do not want anything but fair play. Some of us thought the tariff law also a discrimination. That confines a competition to this country and by lessening the area of competition works to the disadvantage of the community. That may be so or it may not be so. I do not undertake to say, but I do say that the blackest page in our history—and it will be so written by the next generation or the generation that comes after—is this using our public highways to give discriminating rates to these combinations of capital, and thereby enable them to undersell and drive their competitors

out of business. It is criminal. You say, how is it to be stopped? Well, the interstate commerce law was passed to stop it and the Interstate Commerce Commission was established to stop it, but it is a conceded thing that it is an absolute breakdown; it has not stopped it. Some want the government to take the railroads over and control them by government operation. I scarcely wish to suggest anything, but I have suggested elsewhere and I suggest again that while I could not say that it would be advisable for the government to take these corporations, I would say that the government ought to appoint every freight agent in the United States. That being done the government has absolute control of the receipt and billing of freight by its own agents under its own civil service, and if it were necessary to go further it would not be too much to say that the penalty of death ought to be visited upon anybody who would take freight at a rate below what others could get it at."

Testifying before the Industrial Commission at Washington, D. C., in December, 1899, John D. Rockefeller said:

"The Standard Oil Company of Ohio, of which I was President, did receive rebates from the railroads prior to 1880, but received no special advantages for which it did not give full compensation. The reason for rebates was that such was the railroad's method of business. A public rate was made and collected by the railway companies, but so far as my knowledge extends, was never really retained in full, a portion of it was repaid to the shippers as

a rebate. By this method the real rate of freight which any shipper paid was not known by his competitors nor by other railway companies, the amount being in all cases a matter of bargain with the carrying company. Each shipper made the best bargain he could, but whether he was doing better than his competitor was only a matter of conjecture. Much depended upon whether the shipper had the advantage of competition of carriers. The Standard Oil Company of Ohio, being situated at Cleveland, had the advantage of different carrying lines, as well as of water transportation in the summer, and taking advantage of those facilities made the best bargains possible for its freights. All other companies did the same, their success depending largely upon whether they had the choice of more than one route. The Standard sought also to offer advantages to the railways for the purpose of lessening rates of freight. It offered freights in large quantity, carloads and trainloads. It furnished loading facilities and discharging facilities. It exempted railways from liability for fire. For these services it obtained contracts for special allowances on freights. These never exceeded, to the best of my present recollections, 10 per cent. But in almost every instance it was discovered subsequently that our competitors had been obtaining as good, and, in some instances, better rates of freight than ourselves."

The Standard Oil Company filed with the Industrial Commission letters from the managers of *twenty great* railroads, in which the denial was

made that the roads made freight discriminations favoring the Oil Trust. Lewis Emery, Jr., an oil refiner of Bradford, Pa., testified that the companies did make discriminations. He began his testimony by saying:

"I desire to say that I hold no animosity toward the Standard Oil people or any association. They were thirty-four years my companions, and I only meet them here to-day upon fair and equitable terms. They believe in their method of doing business and I in mine. We agreed to separate. Many of the stockholders of the Standard Oil Company have been associates of mine all these years in the ownership of property, and I own property with them at the present time. Therefore, I feel that there is no one here in the room who will say I tell an untruth because I may differ from him."

When asked to produce proof of the charge that railroads made secret rates, drawbacks and rebates, Mr. Emory submitted what he called a "confession" made by a powerful railroad corporation, in the form of a letter, dated December 22, 1898. The letter was signed by Receivers Cowen and Murray of the Baltimore and Ohio Railroad Company and was addressed to Chairman Knapp of the Interstate Commerce Commission. This interesting communication, which sustains the charge that railroads violated the Interstate Commerce law, reads in part as follows:

"Within the territory north of the Ohio River and east of the Mississippi the railroad carriers are transporting the larger part of the interstate traffic at rates less than those shown in the published tariff filed with your commission, which are by statute the only lawful rates.

"While this condition continues, there will exist the unjust discriminations and the unjust preferences and advantages between persons, localities and particular descriptions of traffic, the prevention of which is the main object of the act of Congress establishing your commission. Only by securing the uniform charging of the published rates can the just equality of service and of charge required by law be secured either between persons or between localities.

"The Supreme Court of the United States has now fully determined the so-called anti-trust act applies to railroad carriers and in legal effect prohibits any agreement between them which restrains competition in any degree, even though such agreement goes no further than to secure the observance of the restraints imposed by the act to regulate commerce. It is, therefore, no longer lawful for the carriers to create by agreements between them joint agencies or associations as formerly, to prevent the cutting of rates, however unlawful. Without some impartial body to investigate the complaints of one competing carrier against another and to check illegal rate cutting, if found to exist, it will be practically impossible for the railroad carrier alone to prevent that form of competition between them, however earnest the great majority of the carriers may be to stop it.

"We see no reason why the commission should refuse its aid to the carriers in an effort to prevent competition from taking the form of illegal concessions through secret rates, drawbacks, rebates and other devices, and we see no reason why the carriers should not seek the aid of the commission in such an effort by reporting to the commission any departure from published rates, to the end that the facts may be fully ascertained and the illegal practice stopped.

"The receivers of the Baltimore and Ohio Railroad Company will maintain, on and after January 1, 1899, upon the lines operated by them, the rates, fares and charges shown on the tariffs published and filed with the commission as required by law."

"'After that day, Jan. 1, 1899!'" said Mr. Emory, quoting from the letter. "A practical admission that they have not previous to that time. Put your own conclusions upon it."

The witness said that he had no evidence to connect the Standard Oil Company with these con-

fessed discriminations of the Baltimore and Ohio Road.

In the Industrial Commission's review of the evidence taken by that body this statement is made concerning the continued failure of law to prevent discriminations in freight rates:

One of the chief causes, in the opinion of some of the witnesses, of industrial combinations, and at any rate one of the greatest evils in connection with them, is the discriminations which it is claimed they have received in the freight rates given by the railroads. In other investigations carried on by the Industrial Commission, especially that on transportation, *it has been quite generally conceded by railroad men and shippers that even up to the present time discriminating rates are made in favor of large shippers.*

Much greater differences of opinion exist with reference to the condition of affairs since the passage of the interstate commerce act. It has been charged as a matter of general belief on the part of almost all of the opponents of the Standard Oil Company that these discriminations in various forms have been continually received, even up to date. On the other hand these charges have been denied *in toto* and most emphatically by every representative of the Standard Oil Company with reference to all cases excepting one, which they claim was a mistake, the amount of freight due being promptly paid on discovery of the error. The Standard Oil Company not merely challenged its opponents to bring forth proof of any case, but produced many letters from leading officials of railroads to show that the company had in no case received any favors or asked for them.

In the case of iron, steel and tin plate shipments, while discriminations were not acknowledged, there was hesitation on the part of the officers of two of the companies, at any rate, in denying directly that favors were received. Outsiders knew of no discriminations.

One witness, Mr. Rice, an oil refiner, presented evidence of methods pursued by corporation officials in the days when they were less wise than

now. That evidence is summarized in the Industrial Commission's digest of testimony as follows:

"Mr. Rice submitted a letter from Chess, Carley & Co., a representative of the Standard Oil Company, to Mr. Culp, general freight agent of the Louisville and Nashville Railroad:

Chess, Carley & Co., Louisville.

J. M. Culp, Esq., G. F. A.:

Dear sir—Wilkinson & Co., Nashville, received car of oil Monday, 13th, 70 bbl., which we suspect slipped thro' on the usual 5th-class rate—"in fact, we might say," we know it did—paying only \$41.50 freight from here. Charges \$57.40. Please turn another screw.

Yours truly,

CHESS, CARLEY & CO.

June 16, '81.

"Wilkinson & Co. were Mr. Rice's agents at Nashville. Mr. Rice declares that within five days the rates to Nashville were raised 50 per cent. He does not know whether the Standard Oil Company paid this full rate or not, but thinks it fair to presume from general experience that it did not. He admits that it is an extremely difficult thing to prove that rebates have been received." (704, 705.)"

One of the most striking phases of the present general controversy over the powerful corporations which are commonly characterized as Trusts, is presented in the conflicting utterances of John D. Rockefeller on the one side, and on the other by corporation lawyers whose views are expressed by Francis Lynde Stetson, a former law partner of ex-President Cleveland. Here stands the head of the *mighty Oil Trust* declaring that laws should be

enacted for the prevention of frauds upon the public. And there stands Lawyer Stetson declaring that laws are false props and delusive supports, many of which are real injuries to investors, thus evincing his contempt for existing laws, and later contending that Federal legislation is undesirable.

Mr. Rockefeller was asked to indicate the chief disadvantages or dangers to the public arising from great combinations of capital into corporations, and he replied:

"The dangers are that the power conferred by combinations may be abused; that combinations may be formed for speculation in stocks rather than for conducting business, and that for this purpose prices may be temporarily raised instead of being lowered. These abuses are possible to a greater or less extent in all combinations, large or small, but this fact is no more of an argument against combinations than the fact that steam may explode is an argument against steam. Steam is necessary and can be made comparatively safe. Combination is necessary and its abuses can be minimized; otherwise our legislators must acknowledge their incapacity to deal with the most important instrument of industry. Hitherto most legislative attempts have been an effort not to control but to destroy; hence their futility."

"What legislation, if any, would you suggest regarding industrial combinations?" the witness was asked.

Mr. Rockefeller replied:

"First. Federal legislation under which corporations may be created and regulated, if that be possible. Second, in lieu thereof, state legislation as

nearly uniform as possible encouraging combinations of persons and capital for the purpose of carrying on industries, but permitting state supervision, not of a character to hamper industries, but sufficient to prevent frauds upon the public."

The Standard Oil magnate frankly admits the necessity of legislation in the interest of the public and investors, but if Lawyer Stetson's conclusions are sound the enactment of such legislation would be in the nature of a coddling of investors. Mr. Stetson aided in the organization of the \$200,000,000 Federal Steel Trust. This is a corporation which permits its Board of Directors to increase its number without consulting other stockholders. Examined before the Industrial Commission, Mr. Stetson was asked this question in reference to the organization of the Steel Trust:

"There is a further provision here with reference to the powers of directors in other particulars that perhaps you can explain. It says" (reading) "the corporation may use and apply its surplus earnings or accumulated profits authorized by law to be reserved, to the purchase or acquisition of property, and to the purchase and acquisition of its own capital stock from time to time, to such extent and in such manner and upon such terms as its Board of Directors shall determine.' Is it usual to make provision of that kind that a company may purchase its own stock?"

"No, it is not," replied Mr. Stetson.

"Can you explain why?"

"I have always put it in any place where the law

permitted me to do it. In the laws of the State of New York there has been, though I do not suppose it survives in all cases, an absolute prohibition against a corporation using any of its own funds for the purchase of its capital stock; but I have never seen in reason and justice why a corporation, out of its surplus, might not be reducing its capital stock. Of course, it is entirely improper that any of the funds of the corporation, other than those constituting the surplus, should be paid back to the stockholders under a guise of purchase of corporate stock. But when the corporation is solvent and has a surplus, I can see no good reason why that surplus should not be so used. It was intended here to confer this right."

Mr. Stetson said he was in favor of giving to organizers of such corporations as were under discussion absolute freedom of compact.

"Your proposition is, as a lawyer, that it is wise to give the utmost freedom in all matters of that kind?" said one of the Commission.

"Absolutely," responded the witness, and he added:

"This paternal system or idea is at the root of most of the evils that underlie what the public complain of in corporations. They have been coddled into the belief that when they deal with a corporation they have got to have some kind of protection and may rely on some kind of protection that they do not invoke in their dealings with individuals. Every man who deals with an individual inquires as to his credit before he makes up his mind as to whether he will extend to him the fac-

lities of his credit or not; but in some way when he comes to the same man organized into a corporation, then he is taught that he can rely on something besides the credit of that institution—can rely on a report or statement it makes, which is fallacious. He may, if the report is untrue, punish that man criminally, which he seldom does; but that does not pay him for the credit that he has extended. And that false prop and delusive support upon which the public are invited to rely by many of these laws is a real injury, in my honest belief, and is not any benefit.”

At another stage of Mr. Stetson's examination one of the Commission said:

“My idea is that in these large aggregations of capital where men, women and children are holding stock the stockholder nowadays may need a little more protection than you seem inclined to give to him.”

“The Legislature cannot give it to him, nor can you or I,” said Mr. Stetson. “There is not anything yet that takes incompetents, lunatics and paupers and makes them competent, responsible business men. You cannot do it, and you have got to trust to the development that comes from the experience of having your property at risk. Othello's great point was, ‘I have had losses too,’ and I would not give anything for the business qualifications of a man who has not had something at risk. As long as he thinks he is buoyed up by some life preserver he will not make a success, nor will the community and the world get on through the efforts of that kind of coddling.”

If this declaration of the organizer of a \$200,-

ooo,ooo Trust were to stand as the final word of Corporate Wealth—if the great hosts of honest investors in this country should be convinced that their despoilment by the Workers of the Trusts meant their classification as incompetents and lunatics, by the owners of the Trusts—if throughout this country it should generally be accepted as a fact that all laws for the protection of honest investors in corporative enterprises were no more than false props and delusive supports—who could doubt that Socialism would sweep over this land like a mighty whirlwind? Who could doubt that in the enactment of new laws there would be hard, and strange, and drastic provisions, containing no suggestion of that "coddling" which excites the fine scorn of the distinguished mouthpiece of Corporate Wealth who says of credulous men still relying for protection upon law:

"They have been coddled into the belief that when they deal with a corporation they have got to have some kind of protection!"

XVII.

FRIENDS AND FOES OF TRUSTS.

Why the Republican National Platform does not contain the word "Trusts"—A convention dominated by Corporations—Laws Long Unenforced—The Democratic Platform is clear, explicit and comprehensive—Trusts Fostered by Law and their Exactions—A Present Remedy for Evils.

It must be apparent to the thoughtful observer that the remedies for the evils of social and industrial conditions proposed by the New Socialism cannot be applied in our day and generation. The world is not yet ready for the sweeping changes in the existing order of things which advanced Socialism proposes. To the two great political parties which have alternately administered the government of this country for years the people must look for the speedy redressment of wrongs inflicted by unscrupulous, cold-blooded and corrupt Corporate Wealth upon citizens of every state in our broad land. With wealth honestly acquired honest men can have no quarrel or grievance, as Judge William J. Gaynor has truly said, but the man must be blind to all the signs multiplying about him if he cannot see that the great masses of this country have a quarrel with those enormous aggregations of Wealth accumulated by the violation of laws, the corruption of law makers, the debasement of those sworn to execute the

laws, and by pitiless and brutal disregard for the rights of those who either serve or cross the path of the multi-millionaires. Thoughtful citizens whose indignation has been aroused by the mere contemplation of these wrongs, as well as those who have suffered, will naturally under existing conditions turn to the political organizations in whose promises they place the greatest degree of confidence, in the hope of finding an immediate remedy for wide-spread social and industrial evils. For this reason the respective utterances of the Republican and Democratic parties concerning the Trusts have become the subjects of comparison and study.

The Trusts, under the last Democratic Federal Administration were as infants compared with the mighty Corporation giants who have stalked over our land during the last four years, and now threaten to control not only the country's finances, commerce and industries, but government itself. For the Trusts have already made tariff laws for their own benefit, and have influenced a national foreign policy with a view to the enlargement of their field of operations and the procurement of Oriental labor.

What have the two great political parties to say about these gigantic combinations of Capital ?

The National Republican platform, adopted at Philadelphia in June, 1900, says:

"We recognize the necessity and propriety of the honest co-operation of capital to meet new business conditions and especially to extend our rapidly increasing

foreign trade, but we condemn all conspiracies and combinations intended to restrict business, to create monopolies, to limit production or to control prices, and favor such legislation as will effectively restrain and prevent all such abuses, protect and promote competition and secure the rights of producers, laborers and all who are engaged in industry and commerce."

We favor "such" legislation !

That is all the Republican party has to say indirectly about the Trusts, and it will be noted that the word Trusts does not appear in the platform. Yet that word is upon every lip, and everywhere, except in Republican circles, the Trusts are under discussion. On July 12, 1900, President McKinley was formally notified at Canton, Ohio, of his renomination, and the long speech he made in reply was notable, namely, because of the fact that he did not make a solitary reference to the Trusts. You cannot find in that speech even a vague reference to the Trusts. The President talked about everything else which the platform asserts, except the Trusts. Why? Ex-Congressman John De Witt Warner says, "The administration has been one of the Trusts, by Trusts and for Trusts." That tersely expresses the Democratic view.

The Hon. John S. Wise, ex-Governor of Virginia, one of the advocates authorized to speak officially for his party, recently contributed a notable paper to the "Review of the Republic," in which he bluntly gave expression to Republican sentiment concerning the Trusts. Confessing that anti-Trust laws have not been enforced, thus

making apparent the neglect or incompetency of Federal officials, the ex-Governor goes further and practically declares that the Trusts are above and beyond the reach of Law. Here are his words:

"It is certainly true that when a number of competitive enterprises, whether of individuals or organizations, who have sold their products at small prices to the public under the law of competition, get together and determine to aggregate their products and fix a price which the public must pay or go without the things they manufacture, they are taking advantage of the public. Now, what will stop this in individuals, corporations, or Trusts? Do we not know that laws on the statute books will not stop them? The Legislature or the Congress meets annually and may pass law after law on the subject and adjourn. These corporations have the best talent in the country in their employ. No sooner does the Congress or the Legislature pass a law and adjourn, then the people at whom the law is directed, with the learning and talent at their command, plow around the law as easily as a farmer could avoid a granite post set in the middle of his field. Passing anti-Trust laws is like setting a crow trap while the crow sits by in a tree and watches you; the bird knows what you are doing and is cunning enough to pull up his corn in another field. What is it that the Democrats are going to do? Laws have been passed forbidding corporations to unite, and yet they have accomplished their ends in other ways as easily as if no such laws were not on the books. See the Sugar Trust, the Standard Oil

Trust and others. Will the Democrats abolish corporations ? ”

The authorized spokesmen for the Democratic party say they do not desire to abolish the corporations; they desire that the laws governing corporations shall be enforced; that on the one side laws applying to the conduct of corporations shall not be violated with impunity, and on the other that laws shall not be passed solely in the interest of corporations without regard to the rights of the masses. Henry O. Havemeyer, the Sugar King, asserted before the Industrial Commission:

“ The tariff is the mother of all Trusts.”

By way of corroborating this assertion made by a Trust magnate, Democrats declare that the great corporations are fostered by the tariff, and point to the specimen Trusts favored by protection and named in the following list:

Federal Steel Company—Capital, \$200,000,000; protection, \$6.72 per ton and upward.

American Steel and Wire Company—Capital, \$90,000,000; protection, 1½ to 2 cents per pound.

American Sugar Refining Company—Capital, \$72,936,000; protection, 1.95 cents per pound.

American Tobacco Company—Capital, \$72,-080,000; protection, \$4.50 per pound and 25 p. c.

Continental Tobacco Company (plug)—Capital, \$97,690,700; protection, 55 cents per pound.

Colorado Fuel and Iron Company—Capital, \$37,792,000; protection, 40 and 67 cents per ton.

Lake Superior Consolidated Iron Mines—Capital, \$28,722,000; protection, 40 cents per ton.

National Biscuit Company—Capital, \$60,129,000; protection, 21 per cent.

Monongahela Consolidated Coal and Coke Company—Capital, \$40,000,000; protection, 67 cents per ton.

National Steel Company—Capital, \$61,561,000; protection, \$6.72 per ton and upward.

National Tube Company—Capital, \$80,000,000; protection, 35 p. c. or 2 cents per pound.

Pittsburg Coal Company—Capital, \$61,600,000; protection, 67 cents per ton.

United States Leather Company—Capital, \$130,389,200; protection, 20 per cent.

United States Rubber Company—Capital, \$52,191,500; protection, 30 per cent.

United States Worsted Company—Capital, \$36,000,000; protection, 44 cents per pound and 60 per cent.

Beef Trust—Capital, \$100,000,000; protection, 2 cents per pound.

Soapmakers' Combination—Capital, \$50,000,000; protection, 1¼ to 15 cents per pound.

Print Cloth Pool—Capital, \$50,000,000; protection, 2 to 8 cents per yard or 40 per cent.

Senator Hanna in August last sent out from National Republican Headquarters one campaign document directed against a New York Trust in which Democrats were stockholders, but for obvious reasons no reference was made in this docu-

ment to the fact that thirteen out of the fifteen directors of the Trust in question are Republicans, as is the President, and that among the stockholders were the son of United States Senator Platt, a member of the Senator's law firm, and other prominent Republicans. The Democratic Congressional Committee has this to say about Trusts, whose operations extend throughout the country:

"Here are a few of the reasons why the 'plain people' are not inclined to meekly accept the inspired statements of the trust organs and speakers showing what a natural, necessary and beneficent institution the trust is:

"It requires 50 per cent. more wheat to buy a stove than it did in 1896.

"It requires 20 bushels more of corn to buy a wagon than it did in 1896.

"It requires 100 per cent. more corn or wheat to buy a copper kettle than in 1896.

"It requires twice as much corn to buy a coil of rope as in 1896.

"It requires 40 per cent. more grain to buy a plow than in 1896.

"It requires 75 per cent. more grain to buy a hoe, a rake or a shovel, than in 1896.

"A set of common wheels that cost \$7 in 1896 now costs \$12.

"The price of cultivators and other farm implements has gone up proportionately.

"Galvanized barbed wire costs from \$4 to \$4.50 per hundred more than in 1896.

"It requires 40 per cent. more corn or cotton to buy a pound of sugar than in 1896.

"You have to pay 40 per cent. more for glass than in 1896.

"Freight rates have climbed back to the exorbitant prices which caused a popular revolt in legislation a few years ago.

"The prices of oil, coal, lumber, tools and hardware have gone up from 40 to 100 per cent.

"And all these things have been done by the trusts.

"A trust robs you waking or sleeping, eating or drinking, working or playing, living or dying, and the coffin trust gets you in the end."

United States Senator Mark Hanna frankly admits that the great corporations are practically a unit in their support of President McKinley. But he is not entitled to any large degree of credit for his frankness, for it is generally conceded that the Trusts, even those controlled by Democrats, now or in 1896, are supporting McKinley's candidacy. The writer attended the convention which nominated the President for a second term, and with other observant spectators noted the reasons why the platform did not contain any references to the Trusts. Scattered among the delegates were representatives of nearly all of the great Corporative combinations of the country. The foremost champion of the Trusts, Senator Hanna, sat upon the platform, and among the state delegates were Senators Depew, Cullom, Scott, Wolcott, ex-Senator Quay, and various conspicuous figures

representing the railroad, iron, beef, coal, oil, leather, wire, steel, electric light and many other powerful combinations of capital. It was not to be expected that these dominant spirits of the convention would adopt any platform condemning their operations, or that any platform framer would dare to offend their sensibilities—for to these Trust delegates the Republican campaign managers expected to make their appeals for campaign funds.

The Democratic declaration concerning the Trusts is clear, explicit and comprehensive; there is no mincing of words, no equivocation in the following extract from the platform adopted at Kansas City in July, 1900:

“Private monopolies are indefensible and intolerable. They destroy competition, control the price of all material, and of the finished product, thus robbing both producer and consumer; lessen the employment of labor, and arbitrarily fix the terms and conditions thereof, and deprive individual energy and small capital of their opportunity for betterment. They are the most efficient agent yet devised for appropriating the fruits of industry to the benefit of the few at the expense of the many, and unless their insatiate greed is checked all wealth will be aggregated in a few hands and the republic destroyed. The dishonest paltering with the trust evil by the Republican party in state and national platforms is conclusive proof of the truth of the charges that Trusts are the legitimate product of Republican policies, that they are fostered by Republican laws and that they are protected by the Republican Administration in re-

turn for campaign subscriptions and political support.

"We pledge the Democratic party to an unceasing warfare, in nation, state and city, against private monopoly in every form. Existing laws against Trusts must be enforced and more stringent ones must be enacted providing for publicity as to the affairs of corporations engaged in interstate commerce, and requiring all corporations to show before doing business outside of the state of their origin that they have no water in their stock, and that they have not attempted, and are not attempting, to monopolize any branch of business or the production of any articles of merchandise, and the whole constitutional power of Congress over interstate commerce, the mails and all modes of interstate communication shall be exercised by the enactment of comprehensive laws upon the subject of trusts. Tariff laws should be amended by putting the products of trusts upon the free list, to prevent monopoly under the plea of protection. The failure of the present Republican Administration, with an absolute control over all the branches of the national government, to enact any legislation designed to prevent or even curtail the absorbing power of trusts and illegal combinations, or to enforce the anti-trust laws already on the statute books, prove the insincerity of the high-sounding phrases of the Republican platform. Corporations should be protected in all their rights and their legitimate interests should be respected, but any attempt by corporations to interfere with the public affairs of the people or to control the sovereignty which creates them should be forbidden under such penalties as will make such attempts impossible."

At the non-partisan Conference on Trusts held at Chicago in 1899 Bourke Cockran said in the course of one of his addresses:

"The courts of every state record prosecutions of public officers for bribery, but I don't believe that in the whole history of our jurisprudence an officer of a corporation has been compelled to answer at the bar of a criminal court for corruption or fraud perpetrated by indirect and insidious methods."

That is a true statement. In the state of Ohio, Attorney General Monett had the hardihood to institute proceedings against the Standard Oil Company for failure to comply with the laws of that Commonwealth. Senator Hanna subsequently said to the writer that the Standard Oil Company had done more for the state of Ohio than any corporation doing business within its borders, and he spoke in the kindest way of the monopoly. At the next Republican State Convention held in Ohio, and dominated by Senator Hanna and "Boss" Cox of Cincinnati, Attorney General Monett was refused a renomination. In the state of New York this year a Wall street operator was sentenced to a long term in state prison for circulating reports to the effect that a street railroad was in a bad way financially. He was a rogue and deserved punishment, but no attempt has ever been made to punish men interested in this corporation which has never paid a dividend, despite the fact that again and again they have caused misleading information to be published in

the interest of the railroad in question—have lured investors to invest by predicting dividends and great prosperity. It was but recently that the managers of this corporation announced that they intended to borrow one million dollars.

In previous chapters the reader will find conclusive evidence that promoters and pompous figure-heads of Trusts, have gulled investors with deceptive statements, and that their deceptions have led to the despoilment of many credulous men and women. Yet no one has been punished by our courts. It is a suggestive fact that nearly every promoter and Trust figure-head named in these chapters is opposed to Bryan. To illustrate: An ex-President of the New York Chamber of Commerce who said in 1895, that the property of The Brooklyn Wharf and Warehouse Trust was worth \$27,300,000, and that the "value of the properties as a money-earning power would be increased 25 per cent. when concentrated under one intelligent management," loftily announced to the press recently, after the Trust had gone into the hands of a Receiver, and the property was under oath valued at no more than \$15,000,000:

"I cannot vote for Bryan, nor support the dishonest doctrines advanced by the Democratic party at Kansas City."

The Industrial Commission, appointed by President McKinley, has admitted that the laws against Trusts have not been enforced, the admission being made in these words:

"It has been quite generally conceded by railroad men and shippers that even up to the present time discriminating rates are made in favor of large shippers."

That means that the Attorney General has not enforced the provisions of the Interstate Commerce law. The President dominates the Attorney General. In the copious extracts made from the testimony taken by the Industrial Commission, and presented in previous chapters, there is abundant indisputable evidence that the laws governing corporations have not been enforced, and much of this evidence comes from Republican sources. Those who believe that the Trusts are "beneficent institutions," as an apologist terms them, will not ask for the enforcement of laws which the Industrial Commission points to as dead letters. Those who regard corrupt and oppressive Trusts as evils that should not be paltered with will doubtless accord their support to the party which declares that corporations must obey the laws as individuals are obliged to. The fact that close upon the expiration of four years of McKinley's service as President the Trusts advocate his re-election is proof positive that they do not fear him.

Democrats insist that the Trusts must be a presidential issue for three reasons: Because credulous investors in great numbers have been despoiled by the Trusts in every section of the country. Because men engaged in corporations managed along legitimate lines are aroused

against the "pirates of the Trusts," the organizers of corporations for purely "speculative and dishonest purposes," as Trust Organizer James B. Dill dubbed them recently, before the students of Williams College. Because these "pirates" of the Trusts have without warning thrown thousands of men out of employment and perfected organizations inimical to the interests of farmer, laborer and the business man of moderate means.

A few weeks ago the country was furnished with an object-lesson illustrative of the havoc that some of these Trusts work—one of many similar reasons why the Trusts cannot fail to be an issue in this presidential campaign. One Monday morning several thousand contented workmen in one of the Western states left their homes to engage in accustomed arduous labors. There were 7,000 or more of these hard-working men, the greater part of them with families to support. They all doubtless were looking forward to a happy summer, full dinner cans, freedom from harassment for rent, their wives and daughters sure of new dresses and the little luxuries which the poor indulge in, disturbed by no fears as to where the needed shoes and knickerbockers were to come from for the lads of their broods. When these men arrived at the gates of the mills they found them closed.

"Why closed?" they asked.

Closed because of a peremptory order from the President of the Trust Company, was the only information vouchsafed.

Those who read the daily papers later learned

that the President had shut down the mills without consulting the directors of his company, and they read further that he was speculating in Wall street. A letter from his private secretary to a New York morning paper conveyed the information that he had won a million or more dollars by his speculations. Later still, they learned that he was in Europe, indulging in his propensity for gambling, losing with nonchalance \$50,000 in one night of play at baccarat.

The mills are still closed, although but a few days before they were shut down the president of the Trust controlling them had led the newspapers to print the statement that the business of the company was never more prosperous or brighter than at that time. Other mills of the Trust were shut down, other thousands thrown out of employment, and the gambling president's friends and business associates hastened to make excuses for the gambler's summary actions in dealing with the workingmen of the mills. He is still in Europe indulging in his favorite pastime. The mills are still closed. Other Trusts have dealt with their workingmen in much the same sort of way, and that is why the Democrats insist upon making the Trusts one Presidential issue. The Trusts cannot smite thousands of homes in this brutal fashion—they cannot make thousands of hearts ache and other hearts burn with indignation and resentment—without receiving a return blow. For every intelligent citizen realizes that he has a weapon at his hand—the ballot.

THE END.



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